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NATIONAL BUREAU OF ECONOMIC RESEARCH, INC.

Memorandum

To: NBER Staff
From: Douglas H. Eldridge *DHE*
Date: May 6, 1977
Subject: NBER OFFICERS

With the action of the Board of Directors on April 22, 1977 changes were made in the top officers of the NBER. There are also a number of other developments which have brought changes in the roster of officers which was adopted at the annual meeting in September 1976. President Feldstein, who assumed his new duties as of April 22, has directed that the current listing of NBER officers will be as indicated on the attached sheet.

Earlier listings of officers included directors for several areas of research but not for all program areas. Since designations of officers for each program or project area did not seem feasible, President Feldstein has not followed this approach but has designated officers in charge of respective NBER offices. This is not intended to change current responsibilities for the direction and conduct of research programs, and directors of research or of particular NBER activities are expected to continue in their existing research and supervisory capacities.

DHE:ac
attachment

NATIONAL BUREAU OF ECONOMIC RESEARCH, INC.

OFFICERS

as of May 1, 1977

Honorary Chairman	Arthur F. Burns
Chairman	James J. O'Leary
Vice Chairman	Moses Abramovitz
President	Martin S. Feldstein
Vice President, Director, Palo Alto Office	Victor R. Fuchs
Treasurer	Thomas D. Flynn
Executive Director for Research	Charles E. McLure, Jr.
Executive Secretary	Douglas H. Eldridge
Director of Finance and Administration	Sam Parker
Director, Cambridge Computer Research Center	Edwin Kuh
Director, New York Office	Robert E. Lipsey
Director, Washington Office	Joel Popkin



News from

THE NATIONAL BUREAU OF ECONOMIC RESEARCH

F.Y.O.
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For release on April 22, 1977

Top Level Changes at the National Bureau of Economic Research

The National Bureau of Economic Research, one of the largest non-profit economic research organizations in the world, has a new president and a new board chairman. At a meeting in Palo Alto, California, today its Board of Directors announced the appointment of Martin S. Feldstein, Professor of Economics at Harvard University, to the presidency and of James J. O'Leary, Vice Chairman of the Board, United States Trust Company of New York, to the chairmanship of the National Bureau's Board, effectively immediately. Dr. Feldstein, who will remain at his teaching post, succeeds John R. Meyer, also a Professor at Harvard, and Dr. O'Leary replaces J. Wilson Newman, retired Chairman and Chief Executive Officer of Dun & Bradstreet, Inc. and current Chairman of its Finance Committee.

The new president's selection is the fruit of nearly a year's intensive search by the National Bureau's Board in line with the outgoing president's publicly expressed wish to be relieved of his duties prior to his tenth anniversary as president. "An organization dedicated to basic research, as the Bureau is, constantly needs new ideas, new departures and innovations to properly fulfill its role," observed Dr. Meyer as he stepped down from the presidency he had taken over in 1967 from Arthur F. Burns, now Chairman of the Federal Reserve Board.

Dr. Meyer's own innovations during his term of office include the expanded use of modern econometric and computer techniques in the Bureau's work, as well as a wider scope of research to encompass problems of social and economic measurement, the evaluation of nonmarket activities, and the study of energy use and environmental problems. Thus, over the ten years of Dr. Meyer's leadership the National Bureau's research activity grew from a \$1.5 million to a nearly \$6.0 million budget, and, formerly concentrated only in the New York office, is now conducted in Washington, D.C., Cambridge, Massachusetts, and Palo Alto, California, as well.

Dr. Feldstein's broad background and experience make him eminently qualified to direct this extensive and varied program of research at the National Bureau. A native New Yorker, he received his bachelor's degree from Harvard College (summa cum laude) in 1961 and went on to England as a Fulbright scholar. At Oxford he became a Nuffield Fellow and Lecturer in Public Finance (1965 to 1967) and received his Ph.D. in 1967. In the same year he joined the Economics Department of Harvard, where he became Professor of Economics in 1969. This past year Dr. Feldstein has been Senior Research Associate at the National Bureau, and has served as Senior Advisor on the Brookings Panel on Economic Activity since 1975. A Fellow of the Econometric Society, he is currently a member of its council, as well as of the Institute of Medicine at the National Academy of Sciences. His published works have focused on unemployment taxation, social security, investment behavior, and the economics of health.

Dr. James J. O'Leary, the National Bureau's new Chairman of the Board, joined the United States Trust Company of New York in 1969 as Executive Vice President and Economist. Prior to a two-year stint as Chairman and Chief Economist of Lionel D. Edie & Company, he headed the economic research activities of the Life Insurance Association of America (now the American Council of Life Insurance) for twenty years. Earlier in his career he taught economics at Wesleyan University and Duke University. Dr. O'Leary serves on the board of numerous companies and organizations and is past president of the American Finance Association and past chairman of the Conference of Business Economists.

The outgoing Chairman of the Board, J. Wilson Newman, Chairman of Dun & Bradstreet's Finance Committee and director of a number of well-known corporations, is currently serving as chairman of the Special Review Committee of the Lockheed Aircraft Corporation. He will continue to serve on the Board of Directors of the National Bureau.

The National Bureau of Economic Research, founded in 1920, is dedicated to basic quantitative analysis and to the impartial determination of facts and their interpretation. Its staff includes some of the country's ablest empirical economists, many of whom are also associated with leading universities. The Bureau's orientation is not to make policy decisions but, in the words of outgoing president Meyer, to "pinpoint for analysis those policy issues that will come to the fore and demand legislative or administrative action over the next decade or more."

Pioneering research conducted at the Bureau has played a leading part in the development of economic measures that have since become standard tools of business and government: the national income accounts, the flow of funds accounts, business cycle indicators, productivity indexes, export price indexes. These, among others, are reported and analyzed in over 500 National Bureau publications.

NATIONAL BUREAU OF ECONOMIC RESEARCH, INC.

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April 21, 1977

Mr. William B. Cole, Jr.
Grants Office
National Science Foundation
1800 G Street, N.W.
Washington, D. C. 20550

Dear Mr. Cole:

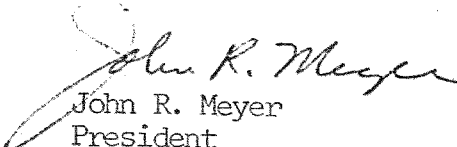
This is to inform you that I have resigned as President of the National Bureau of Economic Research, effective April 22, 1977.

Professor Martin S. Feldstein of Harvard University has been elected my successor. Therefore, he will serve as the authorized institutional representative and will sign all research proposals for the Bureau after he takes office on April 22. Sam Parker, Director of Finance and Administration, will also have the authority to sign proposals in Professor Feldstein's absence.

The foundation should continue to discuss all financial and accounting matters with Mr. Parker. Grant notification letters should be addressed to Professor Feldstein at the Bureau's New York office (261 Madison Avenue, New York, N. Y. 10016).

Thank you for your cooperation in this matter.

Sincerely yours,


John R. Meyer
President

JRM:ejl

cc: Stanley D. Gunsher
James F. Groves
Robert B. Boyden
Martin Feldstein

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NATIONAL BUREAU OF ECONOMIC RESEARCH, INC.

Memorandum

To: Board of Directors of the National Bureau of Economic Research
From: John R. Meyer *JRM*
Date: April 11, 1977 *RH-15-77*
Subject: Status Report on National Bureau Activities

It is with considerable satisfaction that I approach the chore of drafting this, my last status report, to the Board of the National Bureau. The reason is simple: The Bureau has almost surely never been in better condition in the ten years that I have been at its helm than it is now. This is, of course, in line with the forecasts I rendered at the last two Board meetings and explains why, among other reasons, this seems a propitious moment for me to step aside and hand over my duties to someone else.

Again, too, this is all the more appropriate since August will mark my tenth year at the helm of the Bureau, and as I pointed out when I accepted the job, I felt strongly that five to ten years was a proper range for one to serve in the Bureau's leadership. Above all else, that self-imposed time limit seems sensible because an organization dedicated to basic research, as the Bureau is, constantly needs new ideas, new departures, and innovations to properly fulfill its role. To be preoccupied with the past -- to do again what has already been done successfully before -- would be fatal!

The Budget

Our budget position, which has been somewhat difficult for the past few years, is now quite comfortable. Unless something terribly unexpected and unfortunate happens in the next two months, we should stay easily within the \$100,000 deficit projected for this fiscal year. Indeed, with only a bit of luck we might well end the year with a small surplus. At the end of eight months of this fiscal year (i.e., as of February 28, 197⁷), the Bureau was running a surplus of \$58,000. Whether or not this surplus will survive a normal seasonal surge in billings and costs in June, and a careful audit, remains to be seen. Nevertheless, the overall budgetary picture is obviously quite encouraging as of this moment. A fuller account is given in Appendix A attached.

The reasons, moreover, for the substantial turn around in our budgetary position are not difficult to identify. To begin, we have finally rescaled the New York administrative overhead to a level more commensurate with the reduced level of activities there after the departure of Victor Fuchs and some of his associates to the West Coast. In many ways, this rescaling of the New York activity can be viewed as one of the costs of "starting up" the West Coast activity. Of course, with the benefit of hindsight, and perhaps a bit more diligence, this rescaling could have been accomplished more rapidly and thereby alleviated the deficits of the last few years earlier. However, this is one of those duties better done late than never --- and it is gratifying that the job is at last finally more or less done.

Another major source of financial difficulty the past couple of years has been publications. We have now just about completed the restructuring of our publication activities so that this difficulty should not occur again. Above all else, we have now placed our publications activity on a basis that permits us to budget ahead with far more accuracy; Bureau management is now positioned to control these costs far more effectively and with less likelihood of being surprised by unexpected developments. In many ways, the fiscal aspects of the publications restructuring bears a strong resemblance to what we have previously done with computers, as explained in my last status report.

New Research Undertakings

Improvement in the budgetary situation has not inhibited us from undertaking new research ventures. Most of these new research initiatives, moreover, have been in areas that one might best describe as macro-economic in character. First, we have used Bureau unrestricted funds, plus some restricted funds from a few sources, in an effort to model trade patterns of the Pacific rim; this work is under the direction of Hickman and Lau of Stanford. We have also launched an experimental investigation of the costs associated with using housing policy as a major policy tool for stabilizing business fluctuations; this has been undertaken cooperatively with the Harvard-MIT Joint Center for Urban Studies, and is being conducted under the direction of Carol Corrado of the

Federal Reserve Board staff and Tom Cooley of the University of California, Santa Barbara. Hickman, Lau and Cooley will report to you at the Board meeting, so I shall not dwell further on their efforts here; suffice it to say that both these studies involve econometric model building of the type so characteristic of modern macro economics.

Another development in macro research at the Bureau has been the work of Benjamin Friedman of Harvard. Friedman and a group of young associates, mainly graduate students, are working on a very ambitious effort to model the major financial linkages of the American economy. Their immediate goal is to develop a more complete detailed monetary market sector for the MPS model. I have also asked Friedman to think about where Bureau business cycle research might best develop and to prepare a report on this subject.

Another major research undertaking of the past few months, more micro economic in character, has been the development by Robert Fogel of a very detailed and extensive scheme for investigating United States demographic patterns of the 19th century. This work will build on some rather unusual data bases, in particular the genealogical archives of the Mormon church.

We have also become tentatively involved in undertaking a study of the economics of library operations. This study was at the instigation of a long-time friend of the Bureau, Axel Rosin of the Book-of-the-Month Club. At Axel's suggestion, the Director of the New York City Public Library and myself sat down on two or three occasions during the past few months to discuss what it was that economists did not know about libraries and, vice-versa, what librarians did not know about economics. From these discussions a research design has emerged that could yield some interesting results, not only from the standpoint of better understanding of local public financial problems, but also extending our knowledge of the service industries and their characteristics. Malcolm Getz of Vanderbilt University and Robert Leone of Harvard have played the lead role in this development.

There have been other new initiatives at the Bureau during these past six months. I can perhaps be pardoned for skipping over them somewhat lightly by observing that most represent extensions, or developments, that have emerged from previous work. They are also reported extensively in the progress reports which you have been sent under separate cover. The main point is simply to note that the Bureau has not stagnated intellectually in these past few months even though we have experienced an inhibiting budget situation, as well as the uncertainties inevitably associated with a leadership transition. The fact that the organization has not stagnated in these circumstances is, I think, a strong tribute to its underlying strength.

Projects Terminated, Opportunities Foregone

A few words are also in order on what we have ceased doing, or avoided doing, at the Bureau during these past few months. Probably the biggest single "phase down" at the Bureau is that associated with the US-USSR exchange program. That program is now more or less completed in so far as the Bureau is concerned as we have handed the chore on to others. Some minor tasks (e.g., completing certain publication and dissemination activities and hosting and arranging a few final trips emerging from previous exchanges) remain to be done, but most should be finished by the end of May. In budgetary terms this program has dropped from an approximate \$150,000 per year activity level to one of \$20,000 to \$30,000 per year by the end of next month. Needless to say, phasing this project down will help reduce the "leveraging" of our unrestricted funds --- something which I have indicated to you in the past I have felt was necessary and a view which several Board members have shared with great vigor.

As an aside -- perhaps the kind of an aside that one can be permitted in a final status report -- I would observe that the US-USSR exchange program activity represented more of a service than a research undertaking and therefore is of a type that the Bureau should avoid. Of course, it was not always obvious that this project would always retain this heavy service emphasis. Initially, we had great hopes that the exchange program would lead to some truly substantive, joint research undertakings between American and Soviet scholars. Unfortunately, and perhaps quite predictably for those who have had longer exposure to these activities than I have had, these hopes never came to fruition.

The temptation, incidentally, is almost always present for the Bureau to become too involved in service activities. I recall that in the very first months after I assumed the Bureau presidency, the suggestion was made in a New York Times editorial that the Bureau assume the function of rating municipal bonds -- an invitation which I promptly declined. Since then, members of the staff, and people inside and outside the Bureau have attempted to have the Bureau become involved in various kinds of data bank, computer utility, and other such service activities. We should eschew such undertakings except to the extent that they very directly complement the Bureau's research function. For example, we have made the Bureau's time series business cycle data bank available to outsiders on a limited cost-recouping basis since we had to maintain the data bank for our own internal research purposes under any circumstances; it was also helpful to have others use this data bank in order to give us feedback on its accuracy, utility, and other properties. Similarly, we have involved ourselves in operating a very modest computer utility activity as a means of obtaining feedback on the software developed at the Cambridge Center; this activity also provides a means for initial dissemination of our computer programs as these have developed. Nevertheless, I feel very strongly that the Bureau should be extremely careful in extending these or undertaking any new activities of this type. Indeed, a good general management rule for the Bureau is to never do anything for itself that can possibly be hired from outside at a remotely reasonable price. Far, far too much Bureau time has been spent in recent years managing or solving crises generated in these service activities; in many ways, the recent difficulty in our publication activity represents still another and most pronounced example of the same principle.

The Future

Having pontificated on what we should not do at the Bureau, I would also volunteer some speculations on where our research interests might develop in the future. As I said in my very first introduction to a National Bureau Annual Report, trying to identify research priorities for an organization like the Bureau really starts with attempting to identify which public policy issues of an economic character are likely to come to the fore and require administrative or legislative action over the next decade or so. This exercise, incidentally, is also likely to be a bit better focussed if we can also identify some of the more likely or prospective solutions that will receive serious

consideration. With these alternatives in mind, at least implicitly, attempts should then be made to identify which facts are likely to be crucial in making choices between these alternatives, and which of these facts seem to be most uncertain or unknown. The Bureau function, quite clearly, is to attempt to fill any such factual void through research. That is what brought people together to create the Bureau in the first place and seems to be the major cement for continuing the association.

In the paragraphs that follow I have attempted to make a few such identifications, offering them primarily as a basis for further discussion.

1. Refinancing Less Developed Countries Private Bank Debt:

The major alternatives would appear to be some kind of government absorption or guarantee of these debts either via extension of the Export/Import Bank's responsibilities or the creation of a new federal banking institution (perhaps in the mode of those backing up mortgage markets such as Fannie Mae, or Ginnie Mae). It is also possible that the need might be met by creating a new "window" at the Federal Reserve or through commodity price stabilization agreements. Among the many factual uncertainties that would seem to cloud this choice would be, to start, a determination of the extent of the existing exposure, prospective future demands for increasing that (private bank) exposure and the risk premium, if any, built into present and prospective loan agreements between the private banks and the LDC's. It would also be well to have a firmer determination of the exact extent to which previous attempts at commodity price stabilization have really been effective in achieving their goals. Of course, too, there are also many uncertainties inherent in prospective future "third party" developments; for example, the possible impact on the LDC's of the Soviet bloc countries emerging from autarchy and becoming more competitive as sellers in international raw material and basic manufacturing exports markets.

2. Social Security Financing:

A much too often used word "crisis" may actually apply to Social Security financing. Certainly, the escalation of taxes in recent years is well known and dramatic; almost as well known is the fact that Social Security taxes are inherently highly regressive and therefore counter to other widely advocated or accepted taxation goals. There is also a growing suspicion that the burden of

Social Security taxation on the employer is having an adverse effect on employment levels and particularly on the absorption of younger, less skilled workers into the labor force. An oft-suggested alternative for alleviating these problems is to transfer some of the financial burden now supported by Social Security taxes onto general tax revenues (e.g., the income tax). The recent proposal to absorb a small percentage of Social Security taxation for corporate employers represents one small step in this direction. Other suggestions have been made that the specific responsibility for some of the more particularized and rapidly growing burdens now borne by Social Security, (e.g., in medical and dependent children care), might be better supported from general taxes. Among the many factual uncertainties that becloud the policy choices in this area are such simple ones as determining the possible costs of the different alternatives and the effect of revised tax burdens on the general economy, effects which might be expected to be transmitted through savings, investment decisions, and related multipliers. A more intensive analysis might also be made to determine the probable effects of any such changes on labor force characteristics and participation. For example, what would be the impact on female participation in the labor force? On the age of retirement? On the nonprofit sector which has the option, increasingly indulged, of leaving the Social Security system?

A good deal of research now going on at the Bureau relates fairly directly to these questions and issues. For example, our studies on health economics would help clarify, perhaps even answer, some of the questions regarding the probable financial cost of some of the alternatives. Much of the Bureau's work on income distribution and related questions of human capital, is directly relevant. A recently inaugurated program to study intensively the American family and its changing status would be directly relevant to better understanding labor force participation and a whole host of related questions such as the role of the family itself as a source of old age security or insurance.

3. Protectionism vs. Free Trade in International Economic Relationships:

Only a few years ago, protectionism and related manifestations of economic nationalism seemed to be essentially dead issues in American politics. However,

recent changes in international trade relationships coupled with a world recession in the industrial countries have lead to a sharp revival of concern over import competition. It seems reasonably obvious that these concerns will be heard in Congress. The exact form that the policy responses might assume is difficult to determine. The most straightforward, of course, would be to retreat behind a more protective tariff, trade quotas and other such restrictions. Another response might be to develop domestic policies for more fully compensating those dislocated by new trade patterns; for example, one might think of a greatly expanded government program of extended unemployment compensation or retraining for those who lose their jobs because of expanded imports. Still another, and probably more constructive response, would be to undertake a systematic overhaul of the international monetary and trade agreements and their related agencies; i.e., GATT, IMF, IBRD, etc. Among the many factual uncertainties is little knowledge of the potential impact of newly emerging trade patterns and relationships. For example, we really do not know very much about what the long-run impact might be of the various commodity agreements now being implemented or discussed. Similarly, as already noted, very little has been done to study the longer-run implications of Soviet and Eastern Europe emergence from autarchy, although it is reasonably clear that this emergence is likely to impact less developed countries rather more seriously than the industrialized West. Another uncertainty is determining what the net effect would be on U.S. employment of more protectionist policies on the part of the U.S. government. On a more general level, a firmer estimate is needed of the impact of protectionism on the World's overall economic growth performance. There is also the issue of what the imposition on multinationals of more nationalistic or regional governmental controls might do. Finally, there is the ever-present spectre, especially now that world currencies have been disengaged from pegged levels, that competitive devaluation of currencies might recur, with all the attendant turmoil that these could generate. Again, we have been studying some of these issues at the National Bureau, but without question, a more concentrated effort would be desirable.

4. Establishing Environmental Targets and Goals:

The issue of what constitutes sensible environmental goals for our society is one that is ever recurrent. The Clean Air Act amendments of 1970 which ostensibly established effluent standards for automobiles have been the subject of tense legislative discussion and debate for several years now and promise to be on the legislative agenda for years to come. Though not quite so dramatic or well known, water quality controls are almost as controversial. A major new element has been injected into the policy debate, moreover, by the recent introduction of bills that would achieve ambient air or water quality not through establishing standards as such, but rather by imposing taxes that provided incentives for people to pollute less; a major advantage of this tax approach would be more flexibility or choice; e.g., those who found it relatively inexpensive to "clean up" would do so, while those who found it difficult might be less prompt in compliance. There are several factual issues that confuse these environmental policy debates. For example, very little is known about the way in which various effluent levels translate into actual ambient air quality; that is, we really know very little about the physical processes by which poor ambient air or water is created. Obviously, it is difficult to assess the economic benefits and costs when the physical facts are little known. While a better start has been made on the economics than the physical aspects, little enough is known about the economics, especially macro, of pollution. In particular, we know little about the possible impact of environmental controls on longer term economic growth and capital needs. One plausible hypothesis would be that the controls would slow growth at first and then speed it up (by forcing earlier retirement of some existing but highly polluting capital equipment). At present, moreover, we really don't have the tools to adequately measure these macro effects. For example, the present practice is to exclude most externalities and nonmarket activities from official national income or GNP estimates. This may badly bias our judgments in these matters since environmental improvement would often normally show up as a nonmarket externality. Thus, it is at least possible that we are doing better than the official estimates indicate in growth of productivity and in terms of true economic and social well-being. It is also highly probable that our presently accepted or going estimates of the cost of environmental improvement may be badly misleading.

5. Welfare Reform:

Several attempts have been made in recent years to simplify and improve the methods by which transfers are made from government to low income groups in society. It is also a subject which has received a good deal of attention from economists. Indeed, one might go so far as to say that there is a fairly strong consensus in economic circles, shared by both the right and the left of the political spectrum, that some form of fairly direct transfer mechanism, such as that of a negative income tax, would be the best way to solve the so-called welfare problem. Some experimentation, in fact, has been undertaken with direct transfers to determine what the effect on economic incentives might be of going from the present system to more direct and graduated transfer systems. It is also clear, regardless of the consensus among economists and the growing body of factual material on which that consensus is based, that the issue of welfare reform is very far from resolved politically and will be under intense legislative and administrative scrutiny in years to come. I would not pretend to know where this debate will end or even which one of the many different possible solutions will receive major attention. At the Bureau, our principal contribution to the factual aspects of these policy debates has been work on making a better determination of income distribution. One useful extension of this work would be to focus somewhat more closely on what the distribution of income might look like if better account were taken of so-called "income-in-kind." It is not clear, for example, that simple monetary measures of income distribution are reflective of the true realities; for example, it is at least arguable that with income-in-kind included, distribution of income is not as skewed or uneven as many argue, and there are not as many people in true poverty in the U.S. as many sometimes assert. A fairly firm grip could be obtained on some of these unsettled issues by analyzing certain data sets that have recently been generated at the Bureau. One might also add that the whole question of evaluating welfare programs, as well as OASI, would be advanced greatly by having a firmer fix on the distribution of wealth as well as of income in our society. There is much evidence, for example, that while the aged have quite low incomes, they also have a fairly substantial wealth position as contrasted with the younger groups in society who are now being taxed to finance transfers to the elderly. Achieving better estimates of the distribution of

wealth has, in fact, long been a major goal of Bureau research but one that has proved quite elusive for a number of reasons; e.g., the difficulties of tracing and measuring wealth in a complex society such as ours. The recent emergence of large scale pension programs and enlargement of government activities have only compounded these difficulties.

6. General Observations:

Obviously, this list of contemporary or potentially contemporary policy issues is hardly exhaustive. In some sense, I guess, the list represents my own personal biases and judgments. It is also clear that I have left out many areas of intense public concern. For example, I have mentioned nothing about important issues of industrial structure or regulation. This reflects a judgment on my part, possibly mistaken, that these industrial structure and regulatory issues are not likely to achieve a consensus or sense of focus sufficient to elevate them to immediate policy concern; e.g., I suspect that there will continue to be a good deal of talk about these issues, but relatively little action on them. Nevertheless, we have been doing some research at the Bureau that relates to some of these concerns.

I have also not discussed what really remains the basic economic problem of industrialized countries; easing their economies back into a sustainable steady growth pattern that is devoid of both inflation and gross environmental abuse. Rather, I have partitioned this overriding or key economic question into sub-parts relating to particular policy concerns that are likely to be actively under consideration in the years immediately ahead. Clearly, though, to achieve these goals of full employment and growth without inflation or environmental deterioration, we must understand many, many things better than we do now. For example, what is it that determines wage rates movements in our society? How do we better evaluate and design programs to put people to work? What is the role of capital and capacity creation in the inflation process?

In large measure, the basic approach of economists to understanding most of these "large" issues has been in the realm of macro economics while most of

the studies I outline above are rather more micro or detailed in character. The basic method of macro-analysis today (and probably for some while in the future too) has been to develop various kinds of empirical models. These models have included large scale input-output matrices and reasonably complex econometric formulations. Actually, many of the factual voids listed above represent identification of areas in which these macro models provide insufficient detail to make well-informed policy decisions.

This weakness or limitation of macro-analysis has, in turn, led many observers of the national political and economic scene to the view that the complexity of our problems is so great today that they verge on being unmanageable. Increased complexity and inadequacies of our factual bases have diverse origins and it is foolish to think that there is a quick technological or research fix that will solve them. At the same time, a convergence of new technology in the guise of the modern computer and the advent of these macro-economic models has made some contribution toward the resolution of these problems. Their full potential, though, has not been realized. Part of this inadequacy originates in the way models are developed and used in the policy process. In particular, a complex model is by its very nature only a partial and incomplete representation of reality. More attention needs to be paid to assessing model reliability. Failure to do so has led to wide-spread skepticism about the use of models -- a skepticism for economic policy-making which is by no means totally unjustified.

Some work, to be sure, has been done on developing procedures to test model validity and the National Bureau, in fact, is at the forefront of these efforts. While engineers can perform experiments, it is seldom possible to do so with economies, and hence economic models cannot be directly validated in this way. There are, however, alternative procedures analagous to experimental methods that our preliminary explorations have shown to have great promise. Further support for these activities could make a real contribution to understanding model reliability.

Conclusion

This listing of future research possibilities, obviously fragmentary, is also merely a prologue since the actual decisions on future NBER directions must and will be a primary responsibility of my successor, now happily chosen. I am sure, too, that new research priorities will emerge with the passage of time and events. Sorting them out should be an interesting exercise for the Board and the new leadership.

The Bureau's future, moreover, should not be postponed. There are many, many decisions that need to be made as they inevitably accumulate during an "interregnum" in any organization. At a very mundane but extremely important level, the staff has just embarked on the annual budget exercise, looking toward the start of the new fiscal year on July 1. To facilitate and hasten this process of adaptation and change, my resignation from the Bureau presidency will therefore be effective as of the close of our Board meeting on April 22. In the same vein, I am very aware from personal experience that these transitions can sometimes be difficult if too much of the past lingers on. In general, I feel that such transitions are greatly complicated if senior staff personages who have retired or otherwise moved on to other endeavors remain too involved in the direction of an organization's affairs. To ensure that I shall not be guilty of such malingering, I shall also resign from the Bureau's Board effective with the close of the meeting on April 22. Such a step also means that the Bureau's Board will not have three members from one university, a violation of the spirit if not the letter of the by-laws.

This will bring to a well-defined close my almost ten years of association with the Bureau. I think that these ten years have been marked by many achievements and advances in the Bureau's program. Certainly, they have not been years of complacency and maintenance of the status quo. Some may say that we have perhaps launched a few too many experiments during these years. Not all of our new endeavors have, of course, succeeded but I would argue that that is inherent in a good research enterprise. At any rate, I thank you all for your tolerance and help during these years and wish you and my successor all the very best in the future.

JRM:amt

APPENDIX A

NATIONAL BUREAU OF ECONOMIC RESEARCH, INC.

SUMMARY OF INCOME AND EXPENSES

(All figures in thousands of dollars)

	Actual FY76	FY77 Actual Eight Months Ended 2/28/77	Original Budget FY77	Preliminary Budget FY78
Income				
Unrestricted				
Private Grantors	25	-	25	25
Contributions	451	113	475	500
Subscriptions	107	84	125	125
Sale of Publications, Royalties	71	42	80	60
Service Projects	418	268	400	350
Interest & Dividends	525	411	600	660
Miscellaneous	(3)			
Total Unrestricted	1,594	918	1,705	1,720
Restricted				
Reimbursement of Direct Costs	2,911	2,009	2,900	2,700
Reimbursement of Indirect Costs	921	606	900	800
Total Restricted	3,832	2,615	3,800	3,500
Total Income	5,426	3,533	5,505	5,220
Expenses				
Direct Costs				
Research				
Restricted (Grants & Contracts)	2,911	2,009	2,900	2,700
Unrestricted	533	265	520	250
Service Projects	340	199	320	270
Publications	322	93	350	200
Fund Raising, Distribution of Publication, Publicity Reserve	205	97	175	175
			100	425
Total Direct Costs	4,311	2,663	4,365	4,020
Indirect Costs (Overhead)				
Reimbursable Under Grants				
Contracts	921	606	900	800
Unrestricted	441	206	340	400
Total Indirect Costs	1,362	812	1,240	1,200
Total Expenses	5,673	3,475	5,605	5,220
Surplus (Deficit)	(247)	58	(100)	-0-

Memorandum

To: All Staff
 From: John Meyer *AMM*
 Date: January 7, 1977
 Subject: Administration of National Bureau Affairs

As I assume all of you know, the National Bureau Board has asked me to go the "full distance" of my commitment to serve as National Bureau President, that is, until September 1977.

Given this circumstance, plus the recent departure of Harvey McMains as Executive Director, I deem it wise to make some administrative changes in order to improve communications and interaction between myself and others involved in National Bureau administration. As a first step in this direction, I am asking Sam Parker, as Director of Administrative and Financial Affairs, to report directly to me. I am also appointing Sam to be Secretary to the Senior Staff Policy Committee, a task previously done by Joel Popkin.

Similarly, I have asked Joel, in addition to his current duties as Director of the Washington office, to assume responsibility for directing research activities in the New York office. Joel will also continue to serve on the Senior Staff Policy Committee.

Finally, I have also asked Sherm Maisel to become a member of the Senior Staff Policy Committee so as to give the Palo Alto office better representation and coverage on this group.

These new arrangements will commence immediately. I ask all of you to give Joel and Sam your full cooperation as they undertake their expanded responsibilities.

Attached is an organization chart embodying these changes.

AMM
 Enclosure (Organization Chart)

NBER Organization

BOARD OF DIRECTORS

Senior Management Committee
J. R. Meyer, Chairman
V. Fuchs
E. Kuh
S. Maisel
H. McMains
J. Popkin
S. Parker, Secretary

J. R. Meyer - President

D. Eldridge
Executive Secretary



NBER - Washington
New York Research

J. Popkin - Director

NBER - Cambridge

E. Kuh - Director

NBER - West

V. Fuchs - Director
S. Maisel - Director

Finance & Administration

S. Parker - Director

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(212) 682-3190 CABLE: NABURECON, NEW YORK

NEW YORK

CAMBRIDGE

PALO ALTO

WASHINGTON

John R. Meyer, *President*

January 7, 1977

Mr. Robert Lipsey
NATIONAL BUREAU OF ECONOMIC RESEARCH
261 Madison Avenue
New York, New York 10016

Dear Bob:

I have been in contact with Joel Popkin regarding better definition of your administrative role at the National Bureau. I believe that he, in turn, has been in contact with you on these matters.

On the basis of these discussions, I would suggest that a sensible way to proceed would be as follows:

1. That you be put back for the present on the regular direct payroll of the National Bureau in recognition of your time spent on administrative duties. It would seem to me that a rate of \$13,000 per year would be roughly consistent and equitable with those we pay others undertaking somewhat similar duties and similarly placed to you. I would propose that this arrangement start as of January 1, 1977.
2. That it be recognized quite explicitly that the Bureau at this point cannot guarantee purchase of two-thirds of your time from Queens for the academic year 1977-78. In order that there should not be any misunderstanding on this point, I have taken the liberty of sending a copy of this letter to your academic dean at Queens, David Speidel, with whom we were in correspondence earlier concerning the arrangements for 1976-77.
3. That the total amount of your time to be purchased during the academic year 1977-78, including both that purchased from Queens and that purchased directly via the Bureau payroll, must await a firm determination of availability of restricted funds to support your research and a clear understanding of the exact amount of administrative commitment you would be undertaking at the Bureau during 1977-78. In short, it should be understood that even the direct payment arrangements between you and the Bureau depends at least to some extent on availability of funds and your involvement in the administrative problems of the National Bureau.

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Mr. Robert Lipsey

-2-

January 7, 1977

I am sorry that getting this matter straightened out has taken so long but it seemed to depend on prior determination being made on other administrative arrangements in the New York City office, as I think you can understand. I hope that these new arrangements are satisfactory to you. If there are any questions, needless to say I stand ready to do my best to answer them.

Sincerely yours,



John R. Meyer

JRM:amt

cc: D. Speidel
J. Popkin
S. Parker
G. Ronkin

Memorandum

To: All Senior Staff
From: John R. Meyer *JRM*
Date: December 16, 1976
Subject: Administrative Changes

R12-22-76

As you will recall, Sam Parker fell heir last spring to Warren Lackstrom's administrative responsibilities when Warren departed for Yale. Sam at that point became responsible not only for the Accounting Department, but also virtually all other administrative, logistic and support functions. It now seems appropriate to formally recognize and codify this situation.

To help Sam perform his current and new tasks, Tom Eaton and Gerry Ronkin have been given new responsibilities and will henceforth report directly to Sam as outlined on the attached organization chart.

Pursuant to this, and effective immediately, Gerry Ronkin will have the title of Assistant Director of Finance and Administration. In this capacity, Gerry will manage the publication area in addition to his current budget and grant responsibilities. For the time being, it is anticipated that Gerry will continue to spend two days a week in New York and will relocate permanently to New York by the summer of 1977. Until he moves, Gerry will also continue to report to me as my Special Assistant.

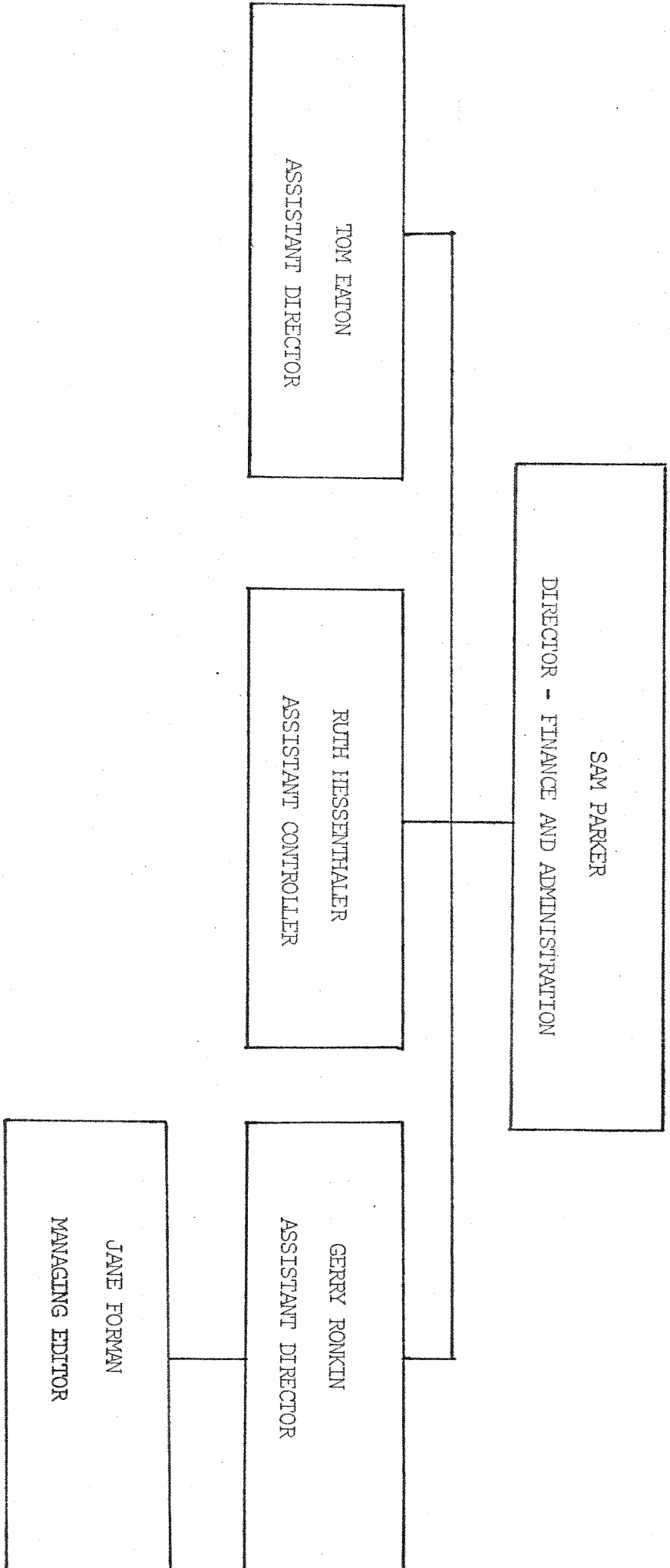
Tom Eaton, currently Business Manager of Cambridge, will also assume the title of Assistant Director of Finance and Administration. In addition to his Cambridge office duties, Tom will be responsible for COA finances, coordination of Corporate Policy among the Bureau's offices as regards personnel policies and procedures, fringe benefits, EEO and Affirmative Action, and other similar administrative functions. Tom has already assumed many of these tasks and this promotion formally recognizes his increased responsibilities.

These changes are effective immediately and should considerably strengthen the Bureau's administration. I ask everyone to give Sam, Gerry and Tom their full cooperation.

JRM:amt

NBER - FINANCE AND ADMINISTRATION

ORGANIZATION CHART



NATIONAL BUREAU OF ECONOMIC RESEARCH, INC.

Memorandum

To: NBER Officers and Senior Staff
From: John R. Meyer
Date: September 15, 1976
Subject: NBER Washington Office

Dr. Gary Fromm has resigned as an Officer and Research Director of the National Bureau as of October 1, 1976, to accept a position with the Stanford Research Institute. Gary's leadership was an important factor in the establishment and growth of the NBER/Washington office. It is my understanding that he will have an office in Washington, D.C. and continue to live there. We all wish him well.

NATIONAL BUREAU OF ECONOMIC RESEARCH, INC.

Memorandum

To: All NBER Officers
From: John R. Meyer *JRM*
Date: June 7, 1976
Subject: Personnel Charged to Unrestricted or Overhead Accounts

Henceforth, any personnel allocation change, the effect of which will increase a person's salary charge to unrestricted or administrative accounts, must have my written prior approval. For those employees whose salary is first charged into a suspense account, my approval will be required when their subsequent allocation to unrestricted or administrative accounts exceeds the original budget allocation.

The reason for my taking this action is simple. The Bureau will have an estimated operating deficit for the current fiscal year of \$275,000. Although we are still in the midst of our budget review for fiscal year 1977, it seems at this time that we will have a deficit of approximately \$100,000. We must realize that the Bureau cannot continue to incur deficits of this magnitude.

Thank you for your cooperation.

Boschan, C.
Eldridge, D.
Fromm, G.
Fuchs, V.
Hill, R.
Kuh, E.
Lipsey, R. ✓
Maisel, S.
McMains, H.
Meyer, J.
Michael, R.
Moore, G.
Parker, S.
Ruderman, G.
Smith, E.K.

cc: Business Managers

NATIONAL BUREAU OF ECONOMIC RESEARCH, INC.

Memorandum

To: All Officers of the National Bureau of Economic Research
From: John R. Meyer *JRM*
Date: April 27, 1976
Subject:

I enclose for your information, a letter which I wrote early in April to the members of the Management Development Committee. This letter was discussed in detail at the meeting of the Committee held during the morning of April 23rd and also during the plenary session of the Board meeting in the afternoon.

JRM:amt
enclosure

NATIONAL BUREAU OF ECONOMIC RESEARCH, INC.

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WASHINGTON

John R. Meyer, *President*

April 6, 1976

I thought it well to advise you, as a member of the National Bureau's Management Development Committee, in advance of our meeting on the morning of April 23 of what might become a principal topic of discussion on that occasion.

Specifically, I would remind the Committee that when I assumed the Presidency of the Bureau, I indicated that I felt a minimum of five years on the job was required to accomplish much of anything and that a maximum of ten would probably exhaust my or anyone else's effectiveness in such a position. In August of this year I shall complete nine years as President of the National Bureau. Accordingly, we should plan on my definitely phasing out as President no later than the end of my next normal term which would be the Board meeting in September, 1977. I would be willing to withdraw earlier than that if this would facilitate the succession and transition. On the other hand, I feel that under no circumstances should I serve as President beyond that date. I would perhaps consider serving in some other capacity at the Bureau beyond that date to help my successor phase in if he so desired and if he was a person whom I thought I could help and with whom I felt I could work reasonably well.

I have discussed, on occasion, with some of you on the Management Development Committee individuals whom I felt might be good replacements for me at the Bureau. On the basis of these discussions, a few fundamentals have emerged. One is that unanimity is likely to be difficult to achieve. A second is that the final decision quite simply has to be a Board decision. Accordingly, it would seem to me that a first order of business for the Committee at our meeting on April 23rd would be to select a search committee to find my successor. I should not be a member of that committee, and I should advise it only when asked. Within those constraints, of course, I stand ready to help in any way that I can by mobilizing staff or other aid as appropriate.

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April 6, 1976

For a number of reasons, incidentally, this is a good time to make a transition. Because of the vigorous efforts of Harvey McMains, myself, and other senior staff people, the Bureau has never been in better shape administratively than it is today. As a corollary of this, our budget should also be balanced next year unless some very strange and unforeseen adversities materialize. The Bureau is also at a bit of hiatus in its research planning and program development so any new individual stepping in will have a relatively "clean slate," i.e., a minimum of potentially troublesome long-range commitments.

Frankly, I do not look forward to a year or so as a lame duck. But the situation is manageable and a few things are left to do. First, there are a few special conferences which I wish to see through to successful completion. Second, the Bureau's computer situation needs to be rationalized -- and we are well on our way to doing so. Third, I would like to collect several essays I have written during my years at the Bureau (most of which have not been published by the Bureau) into a book or monograph; these deal with diverse substantive issues but involve a common set of methodological issues. Finally, I would like to go back and reevaluate the very first Bureau program to catch my attention nine years ago, International Studies.

So I shall keep busy and hopefully "out of harm's way." Nevertheless, I would encourage you as a Committee to move as expeditiously as possible on this matter.

Sincerely yours,

John R. Meyer

JRM:sm

NATIONAL BUREAU OF ECONOMIC RESEARCH, INC.

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John R. Meyer, *President*

March 22, 1976

R 3/23/76

Dr. Richard N. Rosett
Graduate School of Business
UNIVERSITY OF CHICAGO
Chicago, Illinois 60637

Dear Dick:

It has recently come to my attention that you apparently harbor some kind of misunderstanding about the Bureau's Publication program.

At the outset, let me make it clear that there has not been any cut-back in the Bureau's publication program because of financial or other considerations. What has happened is that for a number of reasons we became very lax last year about the scheduling and editing of our books. Specifically, our Editorial Department became exclusively preoccupied with the quantitative dimension to the exclusion of qualitative considerations. This meant that the ten to twelve monographs we normally publish in a given fiscal year rose to something like fifteen to eighteen. This sharp rise in the number of monographs resulted in a considerable imbalance in the publication program wherein certain specialized studies (e.g., those dealing with the balance of payments problems of less-developed countries) began to occupy a much too prominent role in our total publication program.

At the risk of sounding sardonic, I would venture the guess that for the general readership of National Bureau publications, books on the payments problems of Korea, Turkey and Ghana, for example, were not that topical, however fascinating they might be to specialists in the field. I might add that each one of these monographs on the balance of payments problems of less-developed countries originally were to be a chapter in one book!

To correct these imbalances, I instituted several controls on the National Bureau publication program in August/September of last year (the start of this fiscal year for the Bureau.) As an overall target, I felt that the Bureau should get back to the original output of ten to twelve publications a year, although I was willing to entertain some surge over this target in order to accommodate particular kinds of publications, such as conference volumes or others in danger of becoming quickly outdated. I directed that if there was to be any postponement, it should be with manuscripts dealing with less-developed countries rather than in the other aspects of the Bureau's publication program.

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Dr. Richard Rosett / Dr. John R. Meyer
March 18, 1976.

12

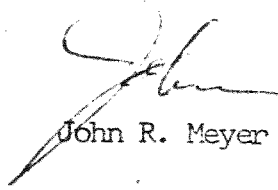
However, we had also accumulated an inventory or backlog of edited manuscripts. I asked the Editorial Department to use this fact to improve the quality of our publications. In short, since we had more than enough manuscripts in our inventory to realize our goal of publishing ten to twelve a year for the next year or two, I wanted the Editorial Department to emphasize quality and good editing.

Again, though, the net effect of this was not to reduce the total outgo below historical levels. Indeed, with our two new journals, The Annals of Economic and Social Measurement and Explorations in Economic Research, the total National Bureau publication program is, by almost any measure, well above that in any previous year except possibly fiscal year 1975 -- and even that is debatable.

I would also add that by creating two new journals, special issues of which can (and have been) devoted exclusively to conference proceedings, we have generally accelerated the publication of Bureau conference proceedings in the last few years. Of course, delays in publishing conference volumes are not mainly due to the Bureau's editing process; rather, they are due to the inherent problems of getting many individual authors and discussants to cooperate and respond promptly to editorial inquiries and deadlines. I realize that in the particular case of your conference volume, the level of cooperation has been outstanding. On the other hand, I must admit that other conference volumes of recent vintage have not been so fortunate in this respect. The fine job you have done in editing and expediting your conference's publication is, in fact, very much appreciated. I can only wish it were the standard for all.

Very best personal regards,

Sincerely yours,



John R. Meyer

JRM:amt
cc: S. Rosen
R. Lipsey
R. Michaels

NATIONAL BUREAU OF ECONOMIC RESEARCH, INC.

Memorandum

To: John Meyer, Harvey McMains
From: Robert Lipsey
Date: February 23, 1976
Subject: Publication of Conference Volumes

I received a disturbing telephone call from Sherwin Rosen who is organizing a Universities-National Bureau Committee conference on Low Income Labor Markets. Sherwin said that a number of people he had approached were reluctant to participate because they had heard that the Bureau was delaying publications for financial reasons. If he could not assure them there would be no "artificial" delays he wished to withdraw as chairman of the conference.

I told him that most delays in conference volumes were the fault of the conference editors, who failed to get introductions or papers in on time or were reluctant to drop tardy authors. I said that the Bureau's policy was to limit book output and spread it out over each year but not to delay volumes beyond the extent needed to keep the books from being bunched. Furthermore, I told him that my understanding was that our own research reports, rather than conference volumes, would bear the burden of any necessary delays.

Sherwin was somewhat relieved but wished to have assurances from someone responsible for publication decisions. I think it is important that he receive such assurances because the request is a legitimate one, especially since we offer no honoraria for participation, and because I believe he will refuse to go on without some word from us.

*Arch. by McMains
2/24/76*

NATIONAL BUREAU OF ECONOMIC RESEARCH, INC.

R. Lipsey

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John R. Meyer, *President*

December 3, 1975

To: Management Development and
Compensation Committee

Gentlemen:

I wish to propose some further suggestions for changes in the organizational structure of the NBER. At the outset, let me say that I feel all the steps we took in September were correct, but I now feel that we should move toward consolidating our actions and in that process perhaps some "fine tuning" would be in order.

As a step toward better internal policy-making, I have established a Senior Staff Policy Committee. This committee consists of Harvey McMains, Victor Fuchs and Ed Kuh (all of the people who report directly to me under our new organization) with Warren Lackstrom acting as secretary and myself as chairman. This committee will meet approximately once a month and it is obvious from our first encounter that these meetings will prove extremely useful. I have also asked Harvey McMains to set up quarterly Officers' meetings so that the organization as a whole can be better informed on operations and policy which result from the Senior Staff Policy meetings.

It would seem, therefore, wholly consistent to change Ed Kuh's title to that of Vice President to better reflect his status as a member of the Senior Staff Policy Committee since his responsibilities as Director of the Computer Research Center are very much in line with those of Harvey and Victor in their areas. As you will recall, in my letter of September 29th I proposed that a title change also be made for Warren Lackstrom. Unless I hear objections from you to the contrary, I will submit these two changes to the Executive Committee of the Board at their meeting on Wednesday, December 10th, for ratification. I do apologize for the short lead time on this and would request that you call me prior to the Executive Committee meeting if you have objections, comments or suggestions.

In addition, you should be aware of some changes that have been made in the Washington office. Edward Smith has been assigned a new set of responsibilities for corporate planning and development, and Gary Fromm has been asked

OFFICERS: Arthur F. Burns, *Honorary Chairman*; J. Wilson Newman, *Chairman*; Moses Abramovitz, *Vice 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, Co-director-NBER-West*; Edwin Kuh, *Director, Computer Research Center*; Robert E. Lipsey, *Vice President-Research*; Harvey J. McMains, *Vice President*; Sherman J. Maise, *Co-director-NBER-West*; Courtney H. Moore, *Vice President-Research*; Edward K. Smith, *Vice President* • **DIRECTORS AT LARGE:** Arthur Bean, Andrew F. Brimmer, Arthur F. Burns, Wallace J. Campbell, Erwin D. Canham, Emilio G. Collado, Solomon Fabricant, Frank L. Fernbach, Eugene P. Foley, David L. Grove, Walter W. Heller, Vivian W. Henderson, John R. Meyer, Geoffrey H. Moore, J. Wilson Newman, James J. O'Leary, Rudolph A. Oswald, Alice M. Rivlin, Robert V. Roosa, Eli Shapiro, Arnold M. Solow, Lazare Tenen, Theodore O. Yntema • **DIRECTORS BY UNIVERSITY APPOINTMENT:** Moses Abramovitz, *Stanford*; Gardner Ackley, *McG 220*; Charles H. Berry, *Princeton*; Francis M. Boddy, *Minnesota*; Otto Eckstein, *Harvard*; Walter D. Fisher, *Northwestern*; R. A. Gordon, *California, Berkeley*; J. C. La Force, *California, Los Angeles*; Robert I. Lammiman, *Wisconsin*; Maurice W. Lee, *North Carolina*; Almarin Phillips, *Pennsylvania*; Lloyd G. Reynolds, *Yale*; Robert M. Solow, *Massachusetts Institute of Technology*; Henri Theil, *Chicago*; William S. Vickrey, *Columbia* • **DIRECTORS BY APPOINTMENT OF OTHER ORGANIZATIONS:** Eugene A. Birnbaum, *American Management Association*; Thomas D. Flynn, *American Institute of Certified Public Accountants*; Nathaniel Goldfinger, *AFL-CIO*; Harold G. Halcrow, *American Agricultural Economics Association*; Walter E. Hoadley, *American Finance Association*; Philip M. Klutznick, *Committee for Economic Development*; Paul W. McCracken, *American Statistical Association*; Roy E. Moor, *National Association of Business Economists*; Douglass C. North, *Economic History Association*; Willard L. Thorp, *American Economic Association*; Robert M. Will, *Canadian Economic Association*

To: Management Development and
Compensation Committee / John R. Meyer

December 3, 1975

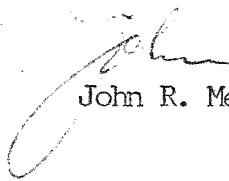
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to assume the responsibilities of director of the Washington office. Of course, both Ed and Gary retain the title of Director and officer status.

Many thanks for your help and once again, my apologies for being so close to the wire on this.

With very best personal regards,

Sincerely,



John R. Meyer

JRM:amt

R. Lipsey

CONFIDENTIALMemorandum

To: NBER Officers
From: Harvey McMains
Date: November 13, 1975
Subject: ORGANIZATION CHANGE

The following organization change is effective immediately:
Gary Fromm, Director, Special Studies, has been given the responsibilities and title of Director, NBER - Washington Office;

Edward K. Smith, Director, NBER-Washington, has been given a new title and responsibilities, Director-Corporate Managerial Studies.

This change is being made to more effectively use the administrative management talent in the Washington office. Gary has been in charge of the research activities and program development of the Washington office and has shared some of the responsibilities for the office's general administration. He will now have all of the responsibilities for administration as well as the research development program and will report to me.

Ed will be responsible for the NBER corporate presence in the Washington area and will be available for consultation and assistance to all NBER research directors. He will also be assigned certain special administrative studies and help in formulating plans for the future. He will also report to me.

HMcM:ejl

NATIONAL BUREAU OF ECONOMIC RESEARCH

Robert Lippsey
Memorandum

To: All Senior Staff
From: John R. Meyer *JRM*
Date: October 22, 1975
Subject: Administration of National Bureau Affairs

As I assume all of you know, the National Bureau Board has asked me to go the "full distance" of my commitment to serve as National Bureau President, that is until September 1977.

Given this circumstance, I deem it wise to make some administrative changes in order to shorten and improve communications and interactions between myself and others involved in National Bureau administration. As a first step in this direction (and at the same time more fully developing the implications of recent Board actions), I am asking the Assistant Vice President for Administrative and Financial Affairs, Sam Parker, to assume Warren Lackstrom's old position as Secretary to the Senior Staff Policy Committee.

Joel Popkin, who has been acting as the Committee's Secretary, will continue to serve on the Committee as a full member. In addition, I have asked Sherm Maisel, Co-director of NBER West, to serve as a member of the Senior Staff Policy Committee.

These arrangements will commence immediately. Thank you for your cooperation.

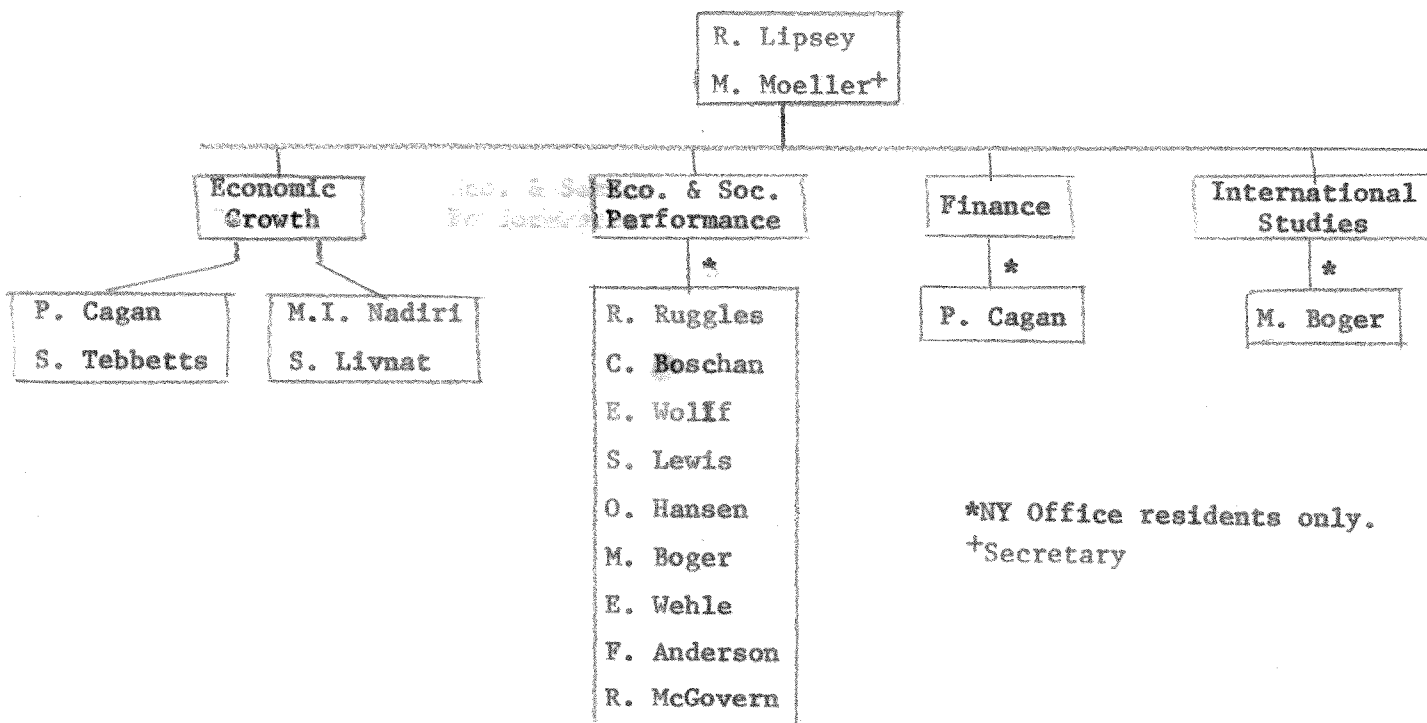
JRM:am

Adrienne Civitella
 R. Lipsey
 October 21, 1975
 Chart of New York Office

Several items seem to be missing here. Under NBER conferences you do not have the CESR conference on the Latin-American conferences, both supervised by Ned Nadiri and Kathy Klein as secretary. And aren't some people here on the payroll of the Russian project?

My area is not properly represented since, despite my title, I have four programs and none of the people you have listed here are under either international or financial studies. At a minimum you might want to footnote the research activities to indicate that they cover only those physically located in the New York office and not all activities run from New York. Otherwise, it is confusing to have Anna Schwartz mentioned without Milton Friedman and Lotte Boschan without Victor Zarnowitz, and no mention of Harvey's Russian exchange or industrial organization responsibilities.

My own area should look something like this. As you can see, the people in finance and international are almost all out of town.



NATIONAL BUREAU OF ECONOMIC RESEARCH, INC.

Memorandum

To: D. Eldridge, R. Lipsey, C. Mortensen, G. Moore, S. Parker
From: Adrienne Civitella
Date: October 20, 1975
Subject: Chart of the New York Office of NBER

Hi Forman and I have organized the attached chart of the New York Office. It is not yet certain if this chart will be distributed throughout the Bureau offices. However, I would appreciate any comments you may have regarding the layout of the chart, the individual categories and the persons listed under your supervision; (please check to see if they are correct). This chart will be reduced to 8½ x 11 and we would like to do this by the end of the week.

Again, please review the chart and contact me if you have any comments or corrections.

Thank you!

NATIONAL BUREAU OF ECONOMIC RESEARCH, INC.

Memorandum

To: All NBER Officers
From: John R. Meyer
Date: October 6, 1975
Subject: Personnel Hiring Freeze

During the first quarter of this fiscal year considerable progress has been made in keeping the Bureau's projected deficit within acceptable limits as mandated by the Board of Directors and Executive Committee. Much of this progress can be attributed to a reduction in employment mainly through attrition although some lay offs did occur. Employment at the Bureau has now stabilized and we expect to keep it at its current level or perhaps a bit lower.

Since the deficit is still of major concern the hiring freeze will remain in effect and I must approve all new hires and rehires in advance. All new hires must also be approved by a member of the Senior Staff Policy Committee (Harvey McMains, Victor Fuchs, Ed Kuh, Warren Lackstrom) before it is submitted to me for final approval.

I hope that when it becomes necessary to fill a position we would be able to re-employ someone who has recently left the Bureau. We have already been able to do so in several cases. I believe that rehiring former employees who are currently unemployed is a sound practice for many reasons.

JRM:ejl

CC: Business Managers

R. Lipseey

NATIONAL BUREAU OF ECONOMIC RESEARCH, INC.

Memorandum

To: All NBER Officers
From: John R. Meyer *JRM*
Date: October 3, 1975
Subject: Committee Schedules for Remainder of Fiscal Year

As part of our continuing effort to strengthen the organizational structure of the NBER, I am establishing a new senior staff policy committee. Also, I am asking Harvey McMains to set up quarterly officers meetings so that the organization can be better informed on our operations and policy.

The quarterly officers meetings will be chaired by Harvey McMains and all officers of the Bureau will be invited to participate. It is hoped, moreover, that all of you will do so to the extent that you do not have major schedule conflicts. Dates and places tentatively selected for these meetings for the rest of this fiscal year are:

- October 24 New York City
- January 12 Palo Alto
- April 12 Washington
- July 12 Cambridge

Other than the October 24th date, which was selected to coincide with the National Bureau Annual Report press luncheon, the other dates represent the second Monday of each quarter, and generally speaking, will be when we expect to hold these meetings.

The senior staff policy committee will be composed of Ed Kuh, Harvey McMains, Victor Fuchs, with Warren Lackstrom acting as secretary and myself as chairman. I expect that this committee will meet almost monthly with the exact dates depending to some extent on "continental" travel plans of the group. However, I think we should establish certain firm dates for meetings of this committee at this time as well. Initially, I would propose November 21st in Palo Alto (this being chosen because of the probability that I will have to be on the West Coast anyway); February 25th and June 9th in New York City, dates corresponding to those tentatively selected for the Board's Executive Committee meetings, conventionally held in the evening in New York City. Similarly, April 22 in Cambridge should be reserved for this committee, as it is the day before the expected meeting of the full Board in Cambridge on April 23. Changes in any of these Board or Executive Committee meetings will, of course, change these dates too. Other dates will be announced when and if needed or conveniently scheduled.

All NBER Officers

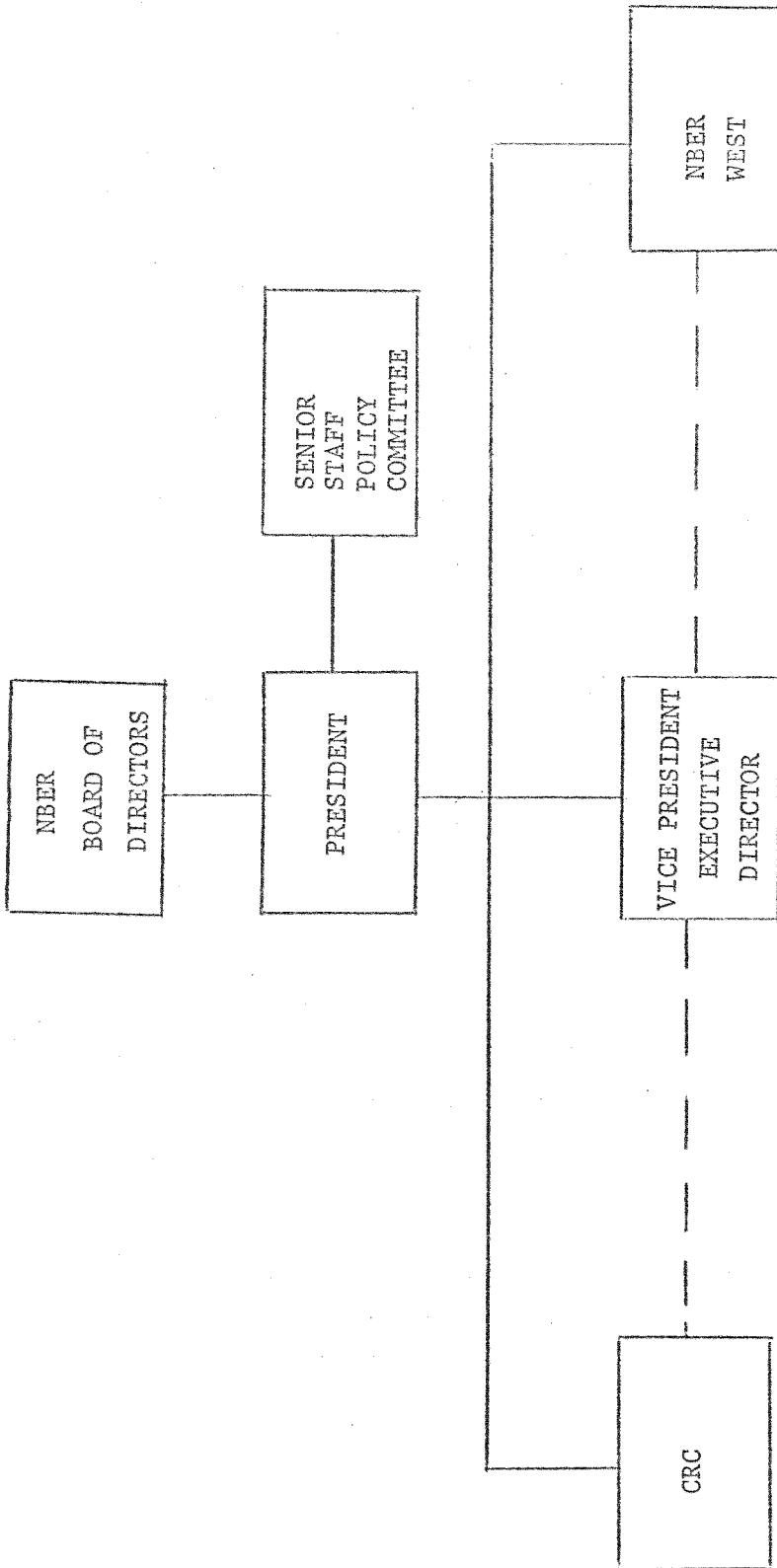
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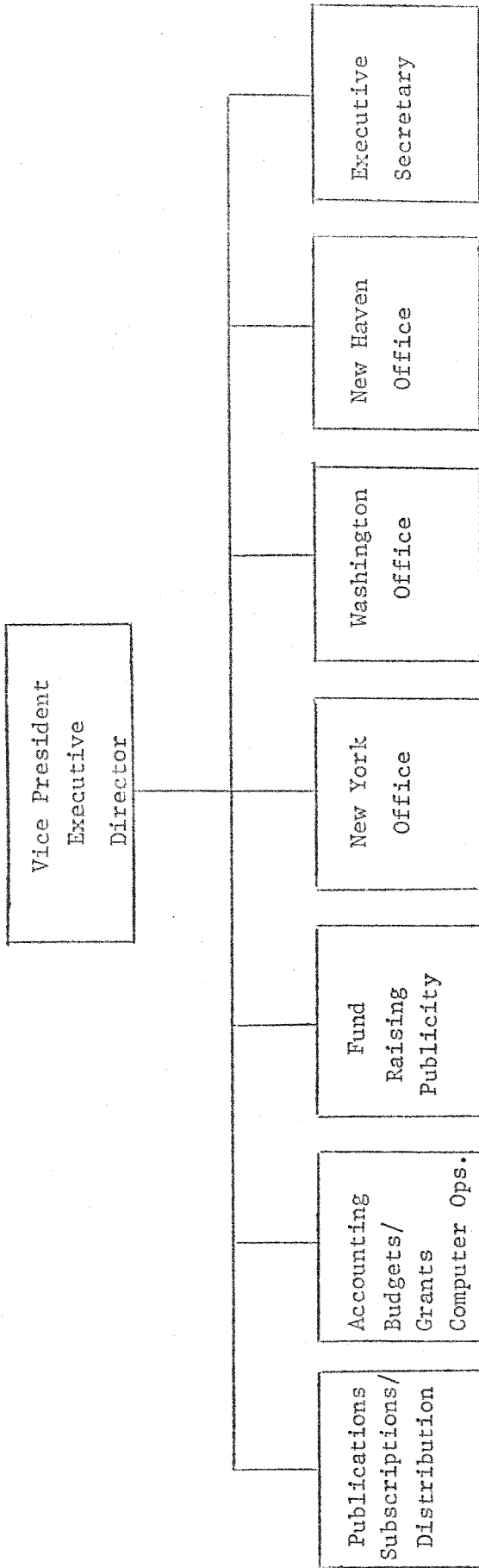
October 3, 1975

I also attach to this memorandum a new organizational chart for the senior administrative levels at the National Bureau. I suspect that some of the senior officers may wish to supplement this with more detailed charts applicable to their own particular areas. A chart for the Vice President - Executive Director's areas of responsibilities is included.

We would welcome your comments and reactions. Should there be any changes in the dates mentioned, we will let you know immediately.

JRM:ejl
Enc.





NATIONAL BUREAU OF ECONOMIC RESEARCH, INC.

Memorandum

To: All National Bureau Personnel
 From: John R. Meyer *JRM*
 Date: October 2, 1975
 Subject: National Bureau Administrative Structure Revisions

I wanted to inform you promptly that the National Bureau Board, at its meeting on September 26, on the unanimous recommendation of the Management Development Committee, took a major step in revising the National Bureau's administrative structure. This restructuring was based, in turn, on some recommendations that I had made to the Management Development Committee in a memorandum sent to them for consideration earlier this month.

These changes have been recommended and made for a variety of reasons, not the least of which is the continuing evolution and growth of the Bureau as an organization. Our total budget is now almost four times as large as it was when the Bureau's administrative structure was last reviewed in a major way in early 1968. We had one office then, today we have five. In just the last year, dramatic shifts have occurred in our structure: the Washington office has been created and grown to a size of about twenty people; the Cambridge office has shrunk from eighty or ninety to only forty-five or fifty; Palo Alto is fully launched and near its planned capacity of forty researchers, and as time moves on, there will be other changes.

In barest outline, what the Board did was to eliminate the title of Vice President-Research and to realign administrative titles at the National Bureau into a tripartite pattern in which the title Vice President would be reserved for people with very senior and broadly-based fund raising and administrative responsibilities; the title "Director" would be used to describe those with major research duties; and the title "Manager" would be applied to those with high level, but less than fully senior management responsibilities. In specific terms, this meant that the following changes were recommended and made (proceeding down the list of officers alphabetically):

<u>Name</u>	<u>Title Before Sept. 26</u>	<u>My Recommendation</u>	<u>Board's Decision</u>
Charlotte Boschan	Director, Data Processing Department	Director, Data Services	As recommended
Douglas Eldridge	Vice President Executive Secretary	Executive Secretary	As recommended
Gary Fromm	Director, NBER Washington, D. C.	Director, Special Studies	As recommended

October 2, 1975

<u>Name</u>	<u>Title Before Sept. 26</u>	<u>My Recommendation</u>	<u>Board's Decision</u>
Victor Fuchs	Vice Pres., Research; Co-Director, NBER-West and Director, Center for Economic Analysis of Human Behavior and Social Institutions	Co-Director, NBER- West and Director, Center for Economic Analysis of Human Behavior and Social Institutions	Vice President, Co-Director <i>NBER-West and Director, Center for Eco Analysis of Human Behavior & Social Institutions</i>
Richard Hill	Technical Director Computer Research Center	Assistant Director Computer Research Center	As recommended
Edwin Kuh	Director, Computer Research Center	Same	As recommended
Warren Lackstrom	Assistant Vice President	Director, Business Management	Manager, Business Services
Robert Lipsey	Vice President, Research	Director, Inter- national and Financial Studies	As recommended
Sherman Maisel	Co-Director, NBER-West	Same	As recommended
Harvey McMains	Vice President and Director New York Office	Director, NBER- New York	Vice President and Executive Director
Robert Michael	Assistant Vice President	Associate Director Center for Economic Analysis of Human Behavior and Social Institutions	As recommended
Geoffrey Moore	Vice President, Research	Director, Business Cycle Research	As recommended
Sam Parker	Assistant Treasurer and Controller	Same	As recommended
Gerald Ruderman	Director, Systems Programming - Computer Research Center	Assistant Director Computer Research Center	As recommended
Edward K. Smith	Vice President	Director, NBER Washington	As recommended

October 2, 1975

This new structure, incidentally, should not be viewed as frozen or "cast in concrete." Modifications will be needed, I am sure, as the Bureau continues to develop and change. Indeed, even now only a few days after the Board meeting, it seems to me that a few adjustments are already needed. In particular, so that there will be absolutely no misunderstanding of the major character of Warren Lackstrom's responsibilities at the National Bureau, I have recommended to the Management Development Committee by mail (and will do so to the Executive Committee when it next meets) that Warren's title be that of Assistant Vice President-Operations. This title accurately reflects Warren's role at the Bureau as Harvey McMains' major back-up in administrative matters and as a person with very substantial budgetary responsibilities.

Among other considerations, the Board hoped that one immediate advantage of all this would be that the outside world will better understand what various individuals at the Bureau are actually doing.

Another consideration that influenced the deliberations is that the title of "Vice President-Research" has too much of a corporate and structured connotation for an organization such as the National Bureau. To say that someone is a director of a particular research area is more in keeping with general academic usage and academia is, after all, one of the worlds with which the Bureau interacts extensively. I am sure that it was such considerations that led to the earlier quite wide use of the title "Director of Research," and variations thereof, at the Bureau.

It is not my expectation that these new names will immediately involve substantial revision of existing reporting responsibilities among and between various officers at the Bureau. We will, though, need to review these arrangements. For one thing, there is some ambiguity in reportorial responsibilities as they exist now at the Bureau. To some extent this is probably unavoidable, at least at this point in time, as some people have administrative responsibilities that run ahead of their research responsibilities and vice versa. Some of the ambiguities also represent historical accidents or evolution. Nevertheless, I do feel that these new titles will help codify and clarify the existing situation and create a flexible format within which some further realignment of responsibilities can be made if and as such seems necessary.

JRM:ejl

Enc. Memo of September 9, 1975, "Status Report on National Bureau Activities"

Chen

NATIONAL BUREAU OF ECONOMIC RESEARCH, INC.

Memorandum

To: Board of Directors,
National Bureau of Economic Research, Inc.
From: John R. Meyer *JRM*
Date: September 9, 1975
Subject: Status Report on National Bureau Activities

The thought has struck me at many Board meetings that our discussions have often been diffuse and less than well focused. Too many times we have spent too much time on trivia or problems already on their way to solution while ignoring or passing quickly over major difficulties well in need of all the thought and help that can be mustered. Further reflection has convinced me that this is almost certainly my fault for not preparing a better advance brief for the Board summarizing where we are at, what our problems seem to be, etc. This memo represents an attempt to fill this void in preparation for our next Board meeting on September 26th in Washington, D.C.

To be fair, and to lend perspective, it would also seem advisable to list what we at the Bureau do correctly or competently. Indeed, this also may be a useful exercise because some of you may well disagree, arguing that what I regard as achievements are in reality failures or at least mistakes; clearly, that kind of information is best developed early rather than late.

In my personal view, our most important achievement of the past few years has been consolidating a redirection of the research program from a preponderant, though far from exclusive, emphasis on macro-economic issues to a broader set of interests, most particularly involving more use of micro-economic analysis. Representative of these new involvements have been such studies as those on urban and environmental problems, law and economics, medical economics and regional development. Some conventional and quite long-standing National Bureau research interests have also been broadened to include more micro analyses; some recent (and mostly yet to be published) financial studies, both public and private, are perhaps the best representations of this. I chose the verb "consolidating" in describing this development in the research program because it was launched at the National Bureau well before I came; in many ways, important micro-economic work has always been in the National Bureau research program and Bureau sponsorship of the pioneer work on human capital and the service industries in the late 1950's and early 1960's portended an increased emphasis on micro analysis well before my arrival in 1967.

A second major achievement of recent years has been a quite extensive modernization of Bureau research methods. There is always room for improvement in these matters but Bureau research today reflects a good compromise between reasonably rigorous application of the highly structured analytical tools of modern mathematical statistics and econometrics and the pursuit of such techniques for their own sake. The Bureau has also moved to a position in recent years where it is an innovator as well as a consumer of analytical techniques. Closely related to all this, and perhaps even more important to the development of the Bureau's substantive research program, has been a veritable revolution in the Bureau's use of computers. The Bureau's principal endeavor, of course, is

quantitative economic analysis. Given the rapid development of new and more extensive data sources of various kinds, proper use of the computer is absolutely essential if the Bureau is to continue to be effective in its chosen areas of research interest. In 1967, computer outlays constituted approximately three percent of the Bureau's budget. Today, the outlays are eight times greater in absolute terms and at least twice that percent of a greatly expanded total Bureau budget. Technology, moreover, has also changed so that at least twice as much computation is rendered per dollar expended. More importantly, in 1967, computational considerations often limited or structured the research design in important ways, especially when large cross-section samples or simulations were involved; today that is not true to any significant extent -- though there is a Parkinson's Law in computer use for economic research that says that research demands expand to fill whatever computer capability is available (sometimes to the detriment or, at least, deferment of good analysis of the print-outs!). An important corollary of these computer developments is that the Bureau has assembled, and sometimes helped develop, an extremely important and valuable collection of data tapes on various aspects of economic behavior; the NBER-Thorndike-Air Force sample on human capital and the merger of S&P and D&B tapes on corporations are two of many examples of this. Without modernization of the Bureau's computer capability these new data sources would have been simply inaccessible.

A third area of marked improvement in the Bureau in recent years is in our management information and accounting systems. Of course, we can always do better in these matters - especially if money is no object. I have hinted at the sorry (non-existent?) state of these systems only a few short years back at Board meetings, so I shall not belabor the point here. Suffice it to say that the systems that I inherited and which were adequate for a Bureau running at an annual budget of \$1.6 million (in 1967) would not suffice for the \$6.0 million annual budget of today. Furthermore, the transition from those earlier systems to today's systems was somewhat traumatic. But in large measure the transition has been accomplished - albeit at an undue expense in my and some other senior personnel time. At least, I no longer find it necessary for Ed Smith and I to code the payroll around my dining table at 2:00 a.m. using my children as unpaid help! Quite seriously, the National Bureau's accounting and management information systems today are as good - indeed, on the whole, rather better - than those available at most universities and other non-profits. Lest this be interpreted as a classic case of damning with faint praise, let me quickly add that our present systems would probably be about equivalent in quality to those in use in the private sector - not perfect but not bad either.

Another major improvement of the past few years has been modernization of our publications program and particularly the creation of three new journals; Annals of Economic and Social Measurement, Explorations, and National Bureau Report. Each of these serves a very different purpose: Annals provides a quick, responsive outlet for research related to methodological and computer developments; Explorations a more flexible and prompt diffusion of substantive

research findings than that provided by the old OP series; National Bureau Reports a vehicle for developing the policy implications and personal side of Bureau activities and reporting to some extent on early findings in language that most of our readers can understand and use. The Annals and Explorations also reduce publication costs at a time when they have been escalating at rapid rates. I hate to think how high our already astronomical publication costs would be without the Annals and Explorations!

A fifth achievement of recent years - though much still needs to be done - is a codification and development of the Board's role. Five new standing Board committees have been created; Audit, Publications, Development, Nominating, and Management Development and Compensation. These committees simultaneously provide a means for diffusing Board burdens over more members and involving more Board members in Bureau activities. In the process, moreover, many old but necessary Board procedures have been reviewed and, I think, improved; e.g., procedures by which the nominations are made. At the same time, Board representation has been broadened; The National Association of Business Economists and Canadian Economic Association have been added as institutional members and university representation is now on a rotating basis so that more universities than the "original" 15 (or so) are now involved.

While I am very proud of these accomplishments, it is also true that there are many problems at the Bureau today, some rather obvious, some not so evident. To begin with the quite obvious, Bureau finances are not in good condition. While we managed to run surpluses in FY '72, '73 and '74, we did not do so in '75 and we cannot long survive as an organization if we run many more deficits as large as those of '75. We think we know what caused the '75 deficit and are working hard to correct the problems - but there is a very long way to go and budget stringency does not come easily to academic researchers. Indeed, it is rather easier to identify budget difficulties than to take the necessary corrective actions! Nevertheless, we are hard at work on these problems and remain optimistic.

A more subtle form of financial problem is that we are over-leveraged, or put differently, restricted funds are too high a percentage of total outlays, or the total budget is too large relative to our asset base. Since we can envision no simple or obvious source of added endowment, the only remedy seemingly available at the moment is to reduce restricted outlays. Unfortunately, this procedure tends to increase current budget deficits, all else equal, so we confront a difficult trade-off, if not caught in a vicious circle. Again, we are at work trying to identify and apply solutions. Meanwhile, any and all suggestions are welcome and will be evaluated seriously.

Another problem, more incipient than real at the moment, is coordination and control of the research program now that the Bureau is geographically dispersed. Thus far, these problems have not been serious, largely because the new offices have involved core cadres of old Bureau personnel and a very lenient

(perhaps too permissive) policy on the part of the Bureau's central administration that has felt the new offices needed scope and freedom to develop their own identities. If the Bureau's budget squeeze long continues, however, greater central control may be imposed. Moreover, in the longer run, systematic procedures must be developed to be sure that unnecessary duplication in research efforts is avoided, that complementarity in different efforts is reasonably well-exploited, that the same funding source is not asked to fund the same project by different Bureau personnel at different Bureau locations, that provincial attitudes at different locations are not allowed to impede the overall research program, etc. At the moment, coordination is achieved by my occasional reviews with the Vice Presidents. In the long run, that will not be enough!

Another continuing problem is that of quality control. Bureau review procedures and publications, on balance, remain of high quality. But far too much review and change is now achieved at a late stage in the research process. Many factors are responsible: rapid expansion of the total program, too much involvement of my time in financial and administrative work, proliferation of Bureau research interests, weaknesses at the project director level, the geographical spread of activities, etc. I have attempted to implement some solutions of these problems; Annals, e.g., was set up, among other reasons, to transfer some of the review burden from the Board to staff and outside technicians when purely methodological publications were involved. The new journals created new editorial boards and review processes that lightened general Board review burdens and added an important new level of evaluation into the editorial program. Similarly, efforts have been undertaken almost continuously to find some new formula to invest project directors with a greater sense of responsibility, both for research quality and personnel development -- but with only limited success since good project directors seem to be born rather than made! More, thus, needs to be done and earlier in the research process. Again, suggestions are welcome.

A final problem worthy of mention, and perhaps the most important of all those faced by the National Bureau, is that your president and much of the senior staff are part-timers. The Bureau's budget is now greater than that of many small colleges and all but a few law and business schools; unlike those institutions, a majority (roughly six out of ten) of the Bureau's senior administrative officers have only part-time Bureau affiliations. To some extent this is desirable, and is at least part of the explanation of why the Bureau has good relations with most major graduate schools in economics. We have also attempted to compensate for this weakness by strengthening our financial and related administrative cadres -- with some success, I believe. Nevertheless, I am increasingly of the view that we need to reorganize the Bureau's administration better to reflect the realities of these part-time relationships, as well as differences among our senior personnel in taste and willingness to assume administrative responsibilities. I have some notions about how this might be best accomplished and if these pass the test of further exposure (e.g., to the Management Development Committee and Bureau officers) and thought, I will advance them at an early Board or Executive Committee Meeting.

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NATIONAL BUREAU OF ECONOMIC RESEARCH, INC.

M E M O R A N D U M

To: Bob Lacey - FYI

you may have
some suggestions
on this.

TO: JOHN R. MEYER
HARVEY J. McMAINS

FROM: DOUGLAS H. ELDRIDGE *DHE*

DATE: OCTOBER 1, 1975

SUBJECT: Listing of officers on NBER letterheads
and in publications.

With the succession of three new members on the Board of Directors we can update the listing of Directors which appears on the NBER's letterhead and in the front matter of publications.

The listing of officers raises other questions. In order to shorten the list, it was decided some years ago not to list all junior officers. If the officers who have been listed recently are to be retained in the listing, it may be desirable for this purpose to shorten some of the full titles which were designated at the last Board meeting. I understand that some of the officers rarely use the full letterhead paper for their correspondence, but use their individual letterheads, which in each instance could have their own full title.

Harvey and I have discussed the matter, and to facilitate further consideration some alternative listings follow:

The following would head any listing: Arthur F. Burns, Honorary Chairman; J. Wilson Newman, Chairman; Moses Abramovitz, Vice Chairman; John R. Meyer, President; Thomas D. Flynn, Treasurer.

Alphabetical listing of others with the titles designated by the Board:

Douglas H. Eldridge, Executive Secretary; Gary Fromm, Director, Special Studies; Victor R. Fuchs, Vice President, Co-director, NBER-West and Director, Center for Economic Analysis of Human Behavior and Social Institutions; Edwin Kuh, Director, Computer Research Center; Robert E. Lipsey, Director, International and Financial Studies; Harvey J. McMains, Vice President-Executive Director; Sherman J. Maisel, Co-director, NBER-West; Geoffrey H. Moore, Director, Business Cycle Research; Edward K. Smith, Director, NBER-Washington.

With some rearrangement and shortening of Fuch's title:

Harvey J. McMains, Vice President-Executive Director; Victor R. Fuchs, Vice President, Co-director NBER-West; Douglas H. Eldridge, Executive Secretary; Gary Fromm, Director of Special Studies; Edwin Kuh, Director, Computer Research Center; Robert E. Lipsey, Director, International and Financial Studies; Sherman J. Maisel, Co-director NBER-West; Geoffrey H. Moore, Director, Business Cycle Research; Edward K. Smith, Director, NBER-Washington.

With omission of locations and grouping of Directors of research studies:

Harvey J. McMains, Vice President-Executive Director; Victor R. Fuchs, Vice President and Director, Center for Economic Analysis of Human Behavior and Social Institutions; Douglas H. Eldridge, Executive Secretary; Edwin Kuh, Director Computer Research Center; Directors of Research: Gary Fromm, Robert E. Lipsey, Sherman J. Maisel, Geoffrey H. Moore, Edward K. Smith.

Or perhaps I should be listed after the Treasurer as Executive Secretary for the Board and then all of the rest are Directors of various activities.

cb

NATIONAL BUREAU OF ECONOMIC RESEARCH, INC.

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NATIONAL BUREAU OF ECONOMIC RESEARCH, INC.

261 MADISON AVENUE, NEW YORK, NEW YORK 10016

(212) 682-3190

CABLE: NABURECON, NEW YORK

R. Lipsey

NEW YORK
NEW HAVEN
CAMBRIDGE
PALO ALTO
WASHINGTON

John R. Meyer, President

September 29, 1975

To the Management Development and
Compensation Committee

Gentlemen:

In our rush to improve the Bureau's administrative structure last Friday -- which in general we succeeded handsomely in doing -- we did overlook one potential problem of some importance. Specifically, if we retain the title of Vice President for some senior personnel at the Bureau, as we decided to do for Victor Fuchs and Harvey McMains, this in turn means that some of the other titles tentatively suggested by me in my memo to you of September 15 (and based on the premise that we would not have any more Vice Presidents), deserve reconsideration.

The two people about whom I am particularly concerned are Warren Lackstrom and Bob Michael, the only two people who under the old structure were officially listed as Assistant Vice President.

I have discussed the situation with regard to Lackstrom with Harvey McMains and he concurs with me that we should restore the title of Assistant Vice President to Lackstrom as soon as possible. Specifically, Harvey feels, and I concur, that the title of Assistant Vice President-Operations, would be appropriate in Lackstrom's case.

In support of this I would simply note the following: (1) Lackstrom is responsible for over \$1 million of Bureau budget which is more than that of any of our previous Vice Presidents-Research; (2) he has done a very good job in all of the many management responsibilities which he has had at the Bureau; (3) he would clearly be the person to assume all of McMains' management responsibilities if anything were to happen to Harvey; and (4) a title of Assistant Vice President for Lackstrom would seem consistent with the general structure of titles developed by our committee on Friday in which Vice President was reserved for people assuming very substantial and senior administrative responsibilities, "Director" became the title of those with major research responsibilities and "Manager" was the title to be attached to those with substantial but junior management or administrative duties.

Whether any action is needed in the case of Bob Michael is something on which I would want to confer with Victor Fuchs, which I have not had a

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To the Management Development and
Compensation Committee

- 2 -

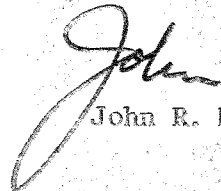
September 29, 1975

chance to do as of this writing. In Michael's case, it would seem to me that the potential for misinterpretation of his title is a good deal less than for Lackstrom. Specifically, he does have major research responsibilities and "director" does therefore seem like an appropriate title in his case. Furthermore, his budgetary responsibilities are nowhere near as major as Lackstrom's. Nevertheless, I would not want anyone in the organization to interpret the change in Michael's title as suggesting in any way that his responsibilities are not important at the Bureau -- just as I do not want any such implications drawn for Lackstrom as well.

I am terribly sorry to bother you with these matters, and I wish that I had thought of them more promptly during our meeting. As of now, however, I cannot believe that any major damage has been done, particularly if we take corrective action as outlined above. I will assume that unless I hear from you to the contrary by phone or mail that I have your concurrence to recommend the change for Lackstrom back to the title of Assistant Vice President at the next Executive Committee meeting, and that I may also do the same, or an equivalent title adjustment, in the case of Michael if Victor Fuchs so recommends. Frankly, in the interim, and even prior to receiving your approval, I shall proceed as if Lackstrom has this title of Vice President-Operations.

Many thanks for all your help on Friday, and my apologies for the added inconvenience of this extra inquiry now. I very much appreciate all that you have done and the very constructive and helpful discussions that I have had with you individually and collectively. I only wish that I had had the acumen to have created such a committee earlier in my tour at the Bureau.

Sincerely,



John R. Meyer

NATIONAL BUREAU OF ECONOMIC RESEARCH, INC.

575 TECHNOLOGY SQUARE, CAMBRIDGE, MASSACHUSETTS 02139
(617) 661-8788

NEW YORK

NEW HAVEN

CAMBRIDGE

PALO ALTO

September 18, 1975

Dr. Robert Lipsey
National Bureau of Economic Research, Inc.
261 Madison Avenue
New York, N. Y. 10016

Dear Bob:

Thank you for your comments regarding my proposed changes in officer's titles.

Your point regarding the flexibility and external effectiveness of NBER officers if titles are changed has also occurred to me.


The empirical evidence, tho, suggests that this may not be an insurmountable problem. The senior person who has raised the most money from outside sources, Ed Kuh, prefers to us the title Director-Computer Research Center and never uses the title Vice President. The person next most successful in raising funds, Vic Fuchs, has styled himself Director-NBER West about as often as Vice President.

Your point regarding Gary Fromm's title is also well taken. True, Gary's title needs some sharpening and we have taken steps towards this.

Of course, too, if we find that the new titles create problems, we can always reconsider and revise them.

Again, many thanks for your helpful comments.

Sincerely,


John R. Meyer

JRM:ejl

NATIONAL BUREAU OF ECONOMIC RESEARCH, INC.

Memorandum

To: NBER officers
From: John R. Meyer *JRM*
Date: September 18, 1975
Subject: Memo of September 15, 1975 re Changes in Administrative Structure

Attached is the above-mentioned memo in its final form. You will note that some changes have been made and the final paragraph expanded.

JRM:ejl

Boschan, C.
Eldridge, D.
Fromm, G.
Fuchs, V.
Hill, R.
Kuh, E.
Lackstrom, W.
Lipsey, R. ✓
Maisel, S.
McMains, H.
Michael, R.
Moore, G.
Parker, S.
Ruderman, G.
Smith, E.K.

NATIONAL BUREAU OF ECONOMIC RESEARCH, INC.

Memorandum

To: Management Development and Compensation Committee*
From: John R. Meyer *JRM*
Date: 15 September 1975
Subject: National Bureau's Administrative Structure

For a variety of reasons, not the least of which is the continuing evolution and growth of the Bureau as an organization, I feel that the time has come to reevaluate the Bureau's administrative structure. Specifically, I would recommend that we eliminate the title of "Vice President" at the Bureau and substitute for it titles that more directly identify the duties and responsibilities of the individuals involved.

To a first approximation, my recommended title changes (with people listed alphabetically) would be as follows:

<u>Name</u>	<u>Present Title</u>	<u>Proposed Title</u>
Charlotte Boschan	Director, Data Processing Department	Director, Data Services
Douglas Eldridge	Vice President; Executive Secretary	Executive Secretary
Gary Fromm	Director, NBER Washington, D.C.	Director, Special Studies
Victor Fuchs	Vice President, Research; Co-Director, NBER-West and Director, Center for Economic Analysis of Human Behavior and Social Institutions	Co-Director, NBER-West and Director, Center for Economic Analysis of Human Behavior and Social Institutions
Richard Hill	Technical Director, Computer Research Center	Assistant Director, Computer Research Center
Edwin Kuh	Director, Computer Research Center	Same
Warren Lackstrom	Assistant Vice President	Director, Business Management
Robert Lipsey	Vice President, Research	Director, International and Financial Studies

National Bureau's Administrative Structure
Management Development and Compensation Committee / John R. Meyer
15 September 1975
---2---

<u>Name</u>	<u>Present Title</u>	<u>Proposed Title</u>
Sherman Maisel	Co-Director, NBER-West	Same
Harvey McMains	Vice President and Director, New York Office	Director, NBER-New York
Robert Michael	Assistant Vice President	Associate Director, Center for Economic Analysis of Human Behavior and Social Institutions
Geoffrey Moore	Vice President, Research	Director, Business Cycle Research
Sam Parker	Assistant Treasurer and Controller	Same
Gerald Ruderman	Director, Systems Program- ming-Computer Research Center	Assistant Director, Computer Research Center
Edward K. Smith	Vice President	Director, NBER-Washington

Obviously, one immediate advantage of all this is that the outside world will better understand what various individuals at the Bureau are actually doing. I suspect that it may even help some of us within the Bureau in this as well! At any rate, the title of "Vice President" or even "Vice President, Research" really does not tell very much about what a person's activities at the Bureau might be.

Another consideration is that the title of "Vice President" probably has too much of a corporate and structured connotation for an organization such as the National Bureau. To say that someone is a director of a particular research area is more in keeping with general academic usage and academia is, after all, one of the worlds with which the Bureau interacts extensively. I am sure that it was such considerations that led to the earlier extensive use of the title "Director of Research", and variations thereof, at the Bureau. While the changes I am proposing in this memorandum do not return us fully to that earlier format, they do carry us quite close to it.

It is not my expectation that these new names will involve any formal revision of existing reporting responsibilities among and between various officers at the Bureau. There is, admittedly, some ambiguity in these responsibilities as they exist now at the Bureau, but I believe that this is probably unavoidable, at least at this point in time. To some degree these ambiguities simply reflect that some people have administrative responsibilities that run ahead of their research responsibilities and vice versa. Some of the ambiguities also represent historical accidents or evolution that in some instances might be well to undo, but the costs of so doing would probably be well in excess of benefits. Nevertheless, I do feel that these new titles will help codify and clarify the existing situation and perhaps allow some subtle realignment of responsibilities without (hopefully) arousing too much antagonism or ill-feeling.

*Abramovitz, M.
Ackley, G.
Bean, A.
Flynn, T.
Grove, D.
Heller, W.
Newman, J.W.
Shapiro, E.
Yntema, T.

John Meyer
R. Lipsey
September 10, 1975
NBER Administrative Structure

Here is a quick first reaction to the proposal. I may have other ideas later.

I am not enthusiastic about the change in titles. The title Vice President, like the title Professor, is an indication of rank or status. When I made my tour of foundations this summer I was able to see the highest ranking officer at each one and I spoke for projects other than my own. I am not at all sure that I could have done that if my title had been that of the director of a specific program. These people would have been more glad to see you, of course, but I do not think you wish to monopolize this activity.

If you want flexibility, the vagueness of the title Vice President is ideal. It permits you to shift responsibilities without causing upheavals. If every title delineated precise responsibilities, each shift of responsibilities would require a change in title and a corresponding loss of face for someone.

The idea of expressing responsibilities in the titles doesn't really work in any case. The title you propose for Doug doesn't distinguish him from Muriel. Gary Fromm's title is completely uninformative; the studies he has inaugurated have been more statistical than policy. Harvey's title does not reveal that he directs industrial organization studies. Mine does not reveal that studies in economic growth and income measurement are a large part of my responsibility. The problem is not curable with better titles. Our lines of authority are too complex to be summarized in titles. One could have it listed in our table of organization that a person who is a Vice President is also Director of Industrial Organization Studies and Director of the New York office, but that is a very cumbersome title for general use.

A simple reform would be to do away with the distinction between Vice President and Vice President-Research. It serves no purpose that I can see and gives outsiders the impression that the writer is the research Vice President, and that the others must all be concerned with something other than research.

John Meyer

R. Lipsey

September 10, 1975

Report on NBER Activities

I too have been worried for some time about what you describe as the Bureau's highly leveraged financial position. If we expect to sustain four offices, however, it is hard to see much chance of improving that situation by reducing the total size of our operations.

While we should probably put more effort into increasing both endowment and unrestricted funds, these are at best long-term possibilities. The short-term problem is that too much of our present unrestricted funds are not really unrestricted. They are tied up in support of restricted fund projects, supporting computer costs, publication costs, and unrestricted overhead on restricted fund projects.

One trouble is that some of our incentives are perverse. The present method of control of unrestricted direct costs gives a strong incentive to leave indirect costs uncovered by grants, even though they do absorb the limited unrestricted funds at our disposal. I think the solution is to allow each Vice President an amount of total (direct and indirect) unrestricted funds rather than only limiting the direct costs.

The computer time allocations give no incentive to those with restricted funds to use the Cornell system. I would suggest that free time be allocated, as we do with Ruggles, in proportion to the amount of paid time used. Otherwise there is a temptation to use paid time at other facilities and only free time at Cornell. Of course, better service from Cornell would help too.

Publication costs are a harder problem because I don't think we want people to publish outside and lose Bureau identification with the results. At least we don't always want that. Perhaps it would be worth while to campaign hard for inclusion of publication costs in grants.

L. Lipsey

NATIONAL BUREAU OF ECONOMIC RESEARCH, INC.

Memorandum

To: NBER Officers
From: J. R. Meyer *JRM*
Date: May 30, 1978
Subject: Absence from NBER

I will be in the Soviet Union in conjunction with the US-USSR Cooperative exchange program in early July and then subsequently vacationing in Europe. This means that I will be gone from June 18th through August 3rd or so. During my absence Harvey McMains, Ed Kuh and Ed Smith will have authority to act in my behalf as noted below.

In keeping with our written agreement with NSF, Ed Smith must sign all NSF proposals in my absence. To simplify processing and control, all other proposals and contracts will also be signed by Ed. Ed, incidentally, will also be out of the country from June 27 to July 12, so good advance planning on these matters is well advised.

The current restrictions on hiring new employees will remain in effect during this period with one modification. There will be absolutely no hiring of new employees where any portion of their salary will be charged to unrestricted funds. If you are anticipating any such hire, I urge you to make your request to me prior to June 13th. Otherwise, it must wait until my return. It will be possible, however, to hire new employees for research projects provided they will be fully covered by restricted funds. These hires, however, will require Harvey McMains' approval if they are in the New York office; Ed Smith's if in D.C. or New Haven; Ed Kuh's if in Cambridge. Procedures for Palo Alto will remain just as they are at present.

I regret that we must continue this restrictive hiring policy which is necessitated by our severe budgetary problems. Unless every effort is made to cut and control costs, particularly in the unrestricted areas, we will have a deficit in FY 1976 that will equal or exceed the \$280 thousand deficit projected for FY 1975. The Bureau cannot tolerate for long successive deficits of this magnitude. I urge you all to critically examine your activities to identify those areas where reductions in unrestricted expenditures can be implemented. Your full cooperation is needed if we are to bring our deficits under control in FY 1976.

JRM:amt

cc: Ellen Casey
Tom Eaton
Jill Kaiser
Chris Mortensen
Fran Selhorst
Sam Parker
Gerry Ronkin
Payroll Department

NATIONAL BUREAU OF ECONOMIC RESEARCH, INC.

Memorandum

To: Those Listed Below
From: John R. Meyer *JRM*
Date: 2 September 1975
Subject:

Attached are two memoranda which I send for your perusal, comments, and suggestions. I wish to emphasize that these are very tentative at this point and they are being distributed as an invitation for feedback.

List: Bosch, C
Eldridge, D.
Fromm, G.
Fuchs, V.
Hill, R.
Kuh, E.
Lackstrom, W.
Lipsey, R. ✓
Maisel, S.
McMains, H.
Michael, R.
Moore, G.
Parker, S.
Ruderman, G.
Smith, E.

(DRAFT)

TO: Management Development and Compensation Committee
FROM: John R. Meyer
DATE: (date)
SUBJECT: National Bureau's Administrative Structure

For a variety of reasons, not the least of which is the continuing evolution and growth of the Bureau as an organization, I feel that the time has come to reevaluate the Bureau's administrative structure. Specifically, I would recommend that we eliminate the title of "Vice President" at the Bureau and substitute for it titles that more directly identify the duties and responsibilities of the individuals involved.

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Victor Fuchs	Vice President, Research; Co-Director, NBER-West and Director, Center for Economic Analysis of Human Behavior and Social Institutions	Co-Director, NBER-West and Director, Center for Economic Analysis of Human Behavior and Social Institutions

<u>Name</u>	<u>Present Title</u>	<u>Proposed Title</u>
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Edwin Kuh	Director, Computer Research Center	Same
Warren Lackstrom	Assistant Vice President	Director, Administrative Services
Robert Lipsey	Vice President, Research	Director, International and Financial Studies
Sherman Maisel	Co-Director, NBER-West	Same
Harvey McMains	Vice President and Director, New York Office	Director, NBER-New York
Robert Michael	Assistant Vice President	Associate Director, Center for Economic Analysis of Human Behavior and Social Institutions
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Sam Parker	Assistant Treasurer and Controller	Same
Gerald Ruderman	Director, Systems Program- ming-Computer Research Center	Assistant Director, Computer Research Center
Edward K. Smith	Vice President	Director, NBER-Washington and Government Agency Liaison

Obviously, one immediate advantage of all this is that the outside world will better understand what various individuals at the Bureau are actually doing. I suspect that it may even help some of us within the Bureau in this as well! At any rate, the title of "Vice President" or even "Vice President, Research" really does not tell very much about what a person's activities at the Bureau might be.

National Bureau's Administrative Structure

Another consideration is that the title of "Vice President" probably has too much of a corporate and structured connotation for an organization such as the National Bureau. To say that someone is a director of a particular research area is more in keeping with general academic usage and academia is, after all, one of the worlds with which the Bureau interacts extensively. I am sure that it was such considerations that led to the earlier extensive use of the title "Director of Research", and variations thereof, at the Bureau. While the changes I am proposing in this memorandum do not return us fully to that earlier format, they do carry us quite close to it.

I should also admit that I find these changes advantageous because they allow a subtle labeling and realignment of responsibilities without (hopefully) arousing too much antagonism or ill-feeling.

Cambridge, Massachusetts
August 15, 1975

(DRAFT)

TO: National Bureau Board of Directors
FROM: John R. Meyer
DATE: (date)
SUBJECT: Status Report on National Bureau Activities

The thought has struck me at many Board meetings that our discussions have often been diffuse and less than well focused. Too many times we have spent too much time on trivia or problems already on their way to solution while ignoring or passing quickly over major difficulties well in need of all the thought and help that can be mustered. Further reflection has convinced me that this is almost certainly my fault for not preparing a better advance brief for the Board summarizing where we are at, what our problems seem to be, etc. This memo represents an attempt to fill this void in preparation for our next Board meeting on September 26th in Washington, D.C.

To be fair, and to lend perspective, it would also seem advisable to list what we at the Bureau do correctly or competently. Indeed, this also may be a useful exercise because some of you may well disagree, arguing that what I regard as achievements are in reality failures or at least mistakes; clearly, that kind of information is best developed early rather than late.

In my personal view, our most important achievement of the last few years has been consolidating a redirection of the research program from a preponderant, though far from exclusive, emphasis on macro-economic issues to a broader set of interests, most particularly involving more use of micro-economic analysis. Representative of these new involvements have been such studies as

those on urban and environmental problems, law and economics, medical economics and regional development. Some conventional and quite long-standing National Bureau research interests have also been broadened to include more micro analyses; some recent (and mostly yet to be published) financial studies, both public and private, are perhaps the best representations of this. I chose the verb "consolidating" in describing this development in the research program because it was launched at the National Bureau well before I came; in many ways, important micro-economic work has always been in the National Bureau research program and Bureau sponsorship of the pioneer work on human capital and the service industries in the late 1950's and early 1960's portended an increased emphasis on micro analysis well before my arrival in 1967.

A second major achievement of recent years has been a quite extensive modernization of Bureau research methods. There is always room for improvement in these matters but Bureau research today reflects a good compromise between reasonably rigorous application of the highly structured analytical tools of modern mathematical statistics and econometrics and the pursuit of such techniques for their own sake. The Bureau has also moved to a position in recent years where it is an innovator as well as a consumer of analytical techniques. Closely related to all this, and perhaps even more important to the development of the Bureau's substantive research program, has been a veritable revolution in the Bureau's use of computers. The Bureau's principal endeavor, of course, is quantitative economic analysis. Given the rapid development of new and more extensive data sources of various kinds, proper use of the computer is absolutely essential if the Bureau is to continue to be effective in its chosen areas of research interest. In 1967, computer outlays constituted approximately three percent of

the Bureau's budget. Today, the outlays are eight times greater in absolute terms and at least twice that percent of a greatly expanded total Bureau budget. Technology, moreover, has also changed so that at least twice as much computation is rendered per dollar expended. More importantly, in 1967, computational considerations often limited or structured the research design in important ways, especially when large cross-section samples or simulations were involved; today that is not true to any significant extent -- though there is a Parkinson's Law in computer use for economic research that says that research demands expand to fill whatever computer capability is available (sometimes to the detriment or, at least, deferment of good analysis of the printouts!). An important corollary of these computer developments is that the Bureau has assembled, and sometimes helped develop, an extremely important and valuable collection of data tapes on various aspects of economic behavior; the NBER-Thorndike-Air Force sample on human capital and the merger of S&P and DSB tapes on corporations are two of many examples of this. Without modernization of the Bureau's computer capability these new data sources would have been simply inaccessible.

A third area of marked improvement in the Bureau in recent years is in our management information and accounting systems. Of course, we can always do better in these matters - especially if money is no object. I have hinted at the sorry (non-existent?) state of these systems only a few short years back at Board meetings, so I shall not belabor the point here. Suffice it to say that the systems that I inherited and which were adequate for a Bureau running at an annual budget of \$1.6 million (in 1967) were not sufficient for the \$6.6 million annual budget of today. Furthermore, the transition from those earlier

systems to today's systems was somewhat traumatic. But in large measure the transition has been accomplished - albeit at an undue expense in my and some other senior personnel time. At least, I no longer find it necessary to code the payroll personally around my kitchen table at 2:00 a.m. using my children as unpaid help! Quite seriously, the National Bureau's accounting and management information systems today are as good - indeed, on the whole, rather better - than those available at most universities and other non-profits. Lest this be interpreted as a classic case of damning with faint praise, let me quickly add that our present systems would probably be about equivalent in quality to those in use in the private sector - not perfect but not bad either.

Another major improvement of the past few years has been modernization of our publications program and particularly the creation of three new journals: Annals of Economic and Social Measurement, Explorations, and National Bureau Report. Each of these serves a very different purpose: Annals provides a quick, responsive outlet for research related to methodological and computer developments; Explorations a more flexible and prompt diffusion of substantive research findings than that provided by the old OP series; National Bureau Reports a vehicle for developing the policy implications and personal side of Bureau activities and reporting to some extent on early findings in language that most of our readers can understand and use. The Annals and Explorations also reduce publication costs at a time when they have been escalating at rapid rates. I hate to think how high our already astronomical publication costs would be without the Annals and Explorations!

A fifth achievement of recent years - though much still needs to be done - is a codification and development of the Board's role. Five new standing Board committees have been created; Audit, Publications, Development, Nominating, and Management Development and Compensation. These committees simultaneously provide a means for diffusing Board burdens over more members and involving more Board members in Bureau activities. In the process, moreover, many old but necessary Board procedures have been reviewed and, I think, improved; e.g., procedures by which the nominations are made. At the same time, Board representation has been broadened: the National Association of Business Economists has been added as an institutional member and university representation is now on a rotating basis so that more institutions than the "original" 15 (or so) are now involved.

While I am very proud of these accomplishments, it is also true that there are many problems at the Bureau today, some rather obvious, some not so evident. To begin with the quite obvious, Bureau finances are not in good condition. While we managed to run surpluses in FY '72, '73 and '74, we did not do so in '75 and we cannot long survive as an organization if we run many more deficits as large as those of '75. We think we know what caused the '75 deficit and are working hard to correct the problems -- but there is a very long way to go and budget stringency does not come easily to academic researchers. Indeed, it is rather easier to identify budget difficulties than to take the necessary corrective actions! Nevertheless, we are hard at work on these problems and remain optimistic.

A more subtle form of financial problem is that we are over-leveraged, or put differently, restricted funds are too high a percentage of total outlays, or the total budget is too large relative to our asset base. Since we can envision

no simple or obvious source of added endowment, the only remedy seemingly available at the moment is to reduce restricted outlays. Unfortunately, this procedure tends to increase current budget deficits, all else equal, so we confront a difficult trade-off, if not caught in a vicious circle. Again, we are at work trying to identify and apply solutions. Meanwhile, any and all suggestions are welcome and will be evaluated seriously.

Another problem, more incipient than real at the moment, is coordination and control of the research program now that the Bureau is geographically dispersed. Thus far, these problems have not been serious, largely because the new offices have involved core cadres of old Bureau personnel and a very lenient (perhaps too permissive) policy on the part of the Bureau's central administration that has felt the new offices needed scope and freedom to develop their own identities. If the Bureau's budget squeeze long continues, however, this "honeymoon" may end abruptly. Moreover, in the longer run, systematic procedures must be developed to be sure that unnecessary duplication in research efforts is avoided, that complementarity in different efforts is reasonably well-exploited, that the same funding source is not asked to fund the same project by different Bureau personnel at different Bureau locations, that provincial attitudes at different locations are not allowed to impede the overall research program, etc. At the moment, coordination is achieved by my occasional reviews with the Vice Presidents. In the long run, that will not be enough!

Another continuing problem is that of quality control. Bureau review procedures and publications, on balance, remain of good quality. But far, far too much corrective action is now achieved at a late stage in the research process. Many factors are responsible: rapid expansion of the total program, too much involve-

ment of my time in financial and administrative problems, proliferation of Bureau research interests, weaknesses at the project director level, the geographical spread of activities, etc. I have attempted to implement some solutions of these problems; Annals, e.g., was set up, among other reasons, to transfer some of the review burden from the Board to staff and outside technicians when purely methodological publications were involved. All three new journals created new editorial boards and review processes that lightened general Board review burdens and added an important new level of evaluation into the editorial program. Similarly, efforts have been undertaken almost continuously to find some new formula to "create" project directors with a greater sense of responsibility, both for research quality and personnel development -- but with only limited success since good project directors seem to be born rather than made! More, thus, needs to be done and earlier in the research process. Again, suggestions are welcome.

A final problem worthy of mention, and perhaps the most important of all those faced by the National Bureau, is that your president and much of the senior staff are part-timers. The Bureau's budget is now greater than that of many small colleges and all but a few law and business schools; unlike those institutions, almost all (roughly six out of ten) of the Bureau's senior administrative officers have only part-time Bureau affiliations. To some extent this is desirable, and is at least part of the explanation of why the Bureau has good relations with most major graduate schools in the United States producing PhD's in economics. I have also attempted to compensate for this weakness by strengthening our financial and related administrative cadres -- with some success, I believe. Nevertheless, I

an increasingly of the view that we need to reorganize the Bureau's administration to better reflect the realities of these part-time relationships, as well as differences among our senior personnel in taste and willingness to assume administrative responsibilities. I have some notions about how this reorganization might be best accomplished and if these "pass the test" of further exposure (e.g., to the Management Development Committee) and thought, I will advance them at an early Board or Executive Committee Meeting.

Cambridge, Massachusetts
August 15, 1975

John Meyer

R. Lipsey

June 14, 1975

Maisel proposal - Measuring Risk and Capital Adequacy in Financial Institutions
dated 6/5/75

The topic is a very interesting one and the group mentioned is certainly a formidable one if most of them do join. Here are a couple of brief comments.

The emphasis in the proposal is heavily on commercial banks, although the title implies that all financial institutions would be studied. Either the title should be narrowed or more should be said about other institutions. In particular, I think something should be included about John Lintner's work on both insurance companies and the effects of inflation on balance sheets and financing needs.

John should have a look at the proposal. I think he might have some good suggestions for the fuller proposal that is apparently being prepared.

*Proposed
will go to
Lintner
M.S.S.
6/20/75*



HARVARD UNIVERSITY

GRADUATE SCHOOL OF BUSINESS ADMINISTRATION

GEORGE F. BAKER FOUNDATION

JOHN LINTNER

*George Gund Professor of
Economics and Business Administration*

SOLDIERS FIELD

BOSTON, MASSACHUSETTS 02163

July 1, 1975

Dr. Robert E. Lipsey
Vice President of Research
National Bureau of Economic Research, Inc.
261 Madison Avenue
New York, New York 10016

Dear Bob:

I am sorry to have been delayed in writing. I am enclosing a final draft of Tom's article on "Income Participations on Mortgage Loans by Major Financial Institutions." We believe that this has well incorporated comments and suggestions of the reviewers (including Ken Wright and his staff as well) and that it is ready for publication in an early issue of Explorations. The companion work on Equity Kickers is well along and should be ready for review by early September.

I have been developing further my analyses of the impact of inflation on security returns and doing further work on the historical impact of inflation on real as distinct from reported earnings over the postwar period. Some of the numbers I have developed are quite dramatic - and there is evidence that the adoption of the type of price level adjusted reporting the FASB is now proposing would worsen rather than improve the prospects of such major industries as railroads and utilities. I would like to get your judgment after I return in mid-August whether perhaps this part of the work should be packaged for early and "quick" publication, as was done with Phil's long term inflation and stock value piece. The ties between my theoretical results in the "Presidential address" and the dramatic swings in the types of funds drawn down from the capital markets should also possibly be cut out for separate preliminary publication.

July 1, 1975

Much of this work clearly ties in with the research proposal on corporate profits you asked me to review. (An updated personal sheet is enclosed, as you asked.) My overall judgment is that it is an excellent broad statement, well-calculated to sell the importance of the subject and the need for systematic study on a substantial scale - as well as the unique capabilities of the Bureau - to foundation officials and others with only a general sense of what is involved and should be done. I doubt that more detail on particular issues would be desirable. With respect to the very important issue of pension liabilities, however, I have talked with Irwin Tepper of this faculty who is becoming one of the most competent, perceptive scholars in this area. He will be interested in working with the Bureau after the next academic year, and in the meantime I have had him in touch with John Meyer looking to get a very valuable set of census data covering several years of pension fund operations for a rich sample of large companies on to Bureau tapes for his and other use.

*Accepted -
sent to
Maisel
7/10/75*

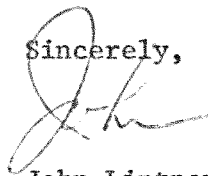
With reference to the Maisel et al proposal to the N.S.F. Most of the arpeggios that come readily to mind are run through with a staccato touch, but the proposal still has some gaps and omissions. From my own studies and associations, I know the impact of inflation on Mutual Savings Banks, Savings and Loans and Life Insurance Companies is far greater than just the change in present values of portfolios due to induced changes in interest rates - there has been, for instance, a marked increase in operating expenses for \$M of assets - and in many institutions these normalized expense ratios have increased faster than normalized income. Major shifts in the relative demands and supplies of different types of funds in the capital market must become better understood in general in the course of their study if it is to accomplish its goals. (My work on the impact of inflation on demands for external financing and the impact of these shifts on market values of different types of assets is relevant here.)

I also believe that broader institutional coverage than suggested by the apparent concentration on commercial banks and bank holding companies and bank regulation would be appropriate.

I trust that this has given you the information you were wanting. I'll be back on August 15.

With best regards,

Sincerely,



John Lintner

JL/rc

NATIONAL BUREAU OF ECONOMIC RESEARCH, INC.

Memorandum

To: Messrs. Meyer, Kuh, Eldridge, Lary, Lipsey, Moore, Smith, Fromm, Fuchs
From: Sherman J. Maisel *sgm*
Date: July 26, 1974 *(rec'd 8/1/74)*
Subject: Proposed letter to Ford Foundation

In accordance with our agreement on Thursday, I am attaching a draft of a proposed letter to the Ford Foundation. May I have any suggestions or comments by Friday, August 2. I will plan to mail the letter on Monday, August 5.

Attachment

Dr. Marshall Robinson
Vice President
The Ford Foundation
320 East 43rd Street
New York, NY 10037

Dear Marshall:

I have been talking to John Meyer about his conversation with you last month. We also discussed the status of our program here at National Bureau of Economic Research-West and the general work of the NBER in areas related to your prior discussion. We agreed it would be useful to send you a short report based on this discussion and then, if possible, for Dale Jorgenson, Ed Kuh, and I to meet with you to explore the possibility that the Ford Foundation would be willing to fund a major program in research in the fields of resources and energy at the National Bureau.

Background

The National Bureau has had a number of projects which relate to problems of the environment and uses of energy and resources. In addition, the NBER-Cambridge Computer Research Center has been developing computer systems for economic modeling, several of which have used the fields of energy and environment as the basic source of data and questions to be answered.

Last February, we established the West Coast office of the NBER in Palo Alto. As part of the planning for this office, we projected a major research effort in the fields of resources, energy, and environment.

Well before these became national problems, the West had a long tradition of concern and research in these spheres.

Over the past several months, I have visited the faculty of eighteen West Coast universities to explore their interest in spheres of economic

research where the NBER seemed to have a comparative advantage. At a number of these universities the fields of resources and energy were among the first mentioned as being of specific interest.

As a result of this expressed concern, on July 1 and 2 the National Bureau of Economic Research held a small conference on energy research in the new West Coast office. I attach a copy of the agenda and a list of those who submitted research ideas. Each indicated he was interested in possibly participating in a Bureau program in this sphere. Those who attended felt the conference was extremely useful. They enthusiastically urged that the NBER push forward and adopt a research program in these spheres.

NBER program in the field of resources and energy

As a result of the discussion at the conference and further analysis by the staff of the NBER, we feel confident that the NBER can make a major contribution to knowledge and policies in the field of energy and resources.

This program would build on the existing work at the NBER; on the economic research skills of a number of newly interested and available individuals; on the foundations laid by the Ford Foundation's Energy Policy Project; on the NBER's ability to coordinate and implement major research programs; and on the work previously accomplished in energy research by those who want to participate.

The program would proceed at three levels:

1. The first level would include general planning and coordination. We feel it would be important to insure that the output of the variety of specific projects would be available to others as the work progresses. This would be

accomplished through working reports, a series of conferences, a library of models and data, and through consultative aid on the new developments and their use. We would establish an efficient system of interchanges for work becoming available at the macro and micro levels in order to reduce the traditional lags between projects to a minimum. Coordination will be greatly enhanced by NBERNET, a nationwide telecommunication network, and extensive computer systems existing at the NBER. The network, which has forty outlets throughout the United States, enables researchers at most Universities to use our facilities.

2. The second level would consist of the macro-modeling of energy systems. At the NBER-West conference, several researchers stated that the availability of specialized macro energy models would open major opportunities for new work. The continued improvement of frameworks for energy analyses of the type that Jorgenson had prepared for the Energy Policy Project would make it possible to trace out in considerable detail the wider economic, environmental, and social implications of energy developments. To aid this work, Jorgenson proposes to continue to improve and to develop his basic model in considerably greater detail. The Federal Energy Agency is preparing a much more detailed data base. Incorporation of this new information will greatly increase the scope of analysis. In addition, the conference discussed at least a dozen areas where major improvements might be made as a result of more detailed and collaborative work. Inputs of this type would greatly expand the usefulness and scope of the basic modeling framework.

This work would be aided, supplemented, and coordinated with work on energy and input-output models that the NBER has been developing at our Cambridge and New Haven offices by Shapiro, An Loh Lin, and Dresch. Professor MacAvoy and other energy researchers at MIT are using computer systems already programmed at the NBER Computer Research Center. Continued work along this line will aid applications in the resource field.

3. At the third level would be a variety of micro projects; some would utilize the developing macro-models, some would feed into the macro-models, some would follow other approaches but would receive aid from the specific knowledge and expertise available in the other projects.

The following are some examples of the types of projects we have in mind at this micro level. At the NBER and elsewhere, there has been some work along these lines. Others which seem to have a high probable payoff are new approaches which resulted from the conference, together with further discussion.

Technology, Research, and Development: Professor Norgaard and several of his colleagues feel that, based on the type of macro models and skills available, a real breakthrough may be possible in the planning and budgeting of research and development expenditures. The federal government plans to put billions of dollars into energy research. Based on a specific R and D model, interacting with a more aggregate energy model, it may be possible to estimate what the most and least fruitful expenditures will be based on a variety of possible social, economic, and environmental goals.

A Canadian-U.S. Model of trade in resources: Professors Bradley, Berndt, and others at the University of British Columbia are interested in preparing for policy planning purposes a model of Canadian-American trade in energy resources. It would be closely related to model work on the U.S. which others in the group would be conducting. They point out that such a trade model will be of little relevance unless it accounts for the separate national interests of the two countries and is flexible enough to handle different assumptions about regulatory procedures instituted by different agencies in the two countries. Such a model would have numerous interesting implications: it would take into account regional factors, differences in the distribution of benefits and costs from resource development, trade between less and more industrialized regions and nations, and particular institutional structures. It should enable one to weigh some of the possible results of alternative developmental strategies.

Alternative supplies of energy: Professors Mead, Uhler, Leland, and others have worked and will work on questions related to the supply curve for energy. Questions have been raised about the cost curves of different possible sources; petroleum, coal, oil shale and sands, geothermal sources, solar and nuclear power.

Petroleum is an example of where work is going forward along many lines that need to be both pushed and integrated. People are exploring questions related to the Outer Continental Shelf (OCS), Alaska, oil shale, liquification of coal, costs of exploration, costs of development, and costs of secondary recovery. The importance of each of these and other developments depends upon all the others.

Energy Production Policy Models

Professor Jeremy Shapiro of MIT has submitted a proposal to the NSF to study cost minimization alternatives for natural gas and petroleum expansion using mixed integer programming. This micro model of production will be combined with econometric demand relationships and embedded in a macro-economic model. Shapiro's research program will use computer systems under development at the NBER Computer Research Center and the MacAvoy-Pindyck Natural Gas Model. It represents an ambitious attempt to integrate techniques and models at different levels of aggregation.

The demand for energy: Professors Taylor, Halvorsen, Iulo, and Thunen are each interested in work in energy demands. Included are particular interests in the problems of optimal pricing, peak-load questions, and taxation. In most cases, researchers can bring to the energy field the latest developments from other economic studies of demand, regulation, and taxation.

Regional studies: Professors Kresge, Niedercorn, and Arnault have done a good deal of work in regional economics. They are concerned with the impact of alternative energy scenarios on regions and on jobs and the income distribution within local areas. They would like to develop a regional analytical framework to evaluate and compare the social and economic costs and benefits of various alternatives. Many questions were raised about the inadequacy of environmental impact studies and the possibilities of improving their methodology by increasing their economic output.

The interests of the NBER in an Alaska project were explored with you by John Meyer. It seems obvious that the Alaska situation is closely related to the demand for energy. It is also a regional problem, but of a very special type. Both the impact and the information to analyze it are greatly increased by the small population. The environmental problems are great, but they also appear to be ones that might be solved with adequate analysis.

Energy and Environmental Effects: As an aid to a National Academy of Science study of the benefits and costs of auto emission controls, the National Bureau (under the direction of Greg Ingram and John Meyer) has extended and applied previously developed models to study the cost-effectiveness of various urban transportation alternatives (e.g., more use of small cars or public transit for commutation, better control of urban traffic flows) as means to reduce air pollution. With these same models some attempt has also been made to predict how urban air quality might be influenced by land use trends, such as decentralization, or stricter land use controls aimed, say, at concentrating urban activities at higher densities. As part of this same NAS effort, the Bureau has also worked (Polinsky, Shavell, Rubinfeld, Harrison and Leone being the main contributors) on the theory and estimation of benefits of cleaner urban air as reflected in wages or property values. In addition, as part of the NAS study, the Bureau (mainly in the person of Donald Dauees) attempted to cost and predict the development and acceptance of alternative technologies (e.g., the stratified charge or small diesel engine) for cleaning up automotive emissions. Obviously, the acceptance of these new technologies or the continuation of past land use trends or the use of smaller cars depends on assumptions made about the price and availability of petroleum and other energy sources. Accordingly, the findings on the environmental impacts are sensitive to the conclusions reached in the energy studies. Conversely, and perhaps even more importantly, the application of environmental standards and the choices made to meet these standards can significantly condition future energy demands. The NAS effort at the Bureau was a short-term study building on long-standing and continuing Bureau efforts in related activities. In many ways, the NAS effort raised almost as many questions as it answered and given the high probability that these environmental problems will

remain as public policy concerns for some time into the future, continued work in these areas would seem promising and useful.

A Ford Foundation funded NBER energy and resources program.

We believe we are now at a stage where with proper funding, a major push on research in the fields of energy, resources, and environment can have a very significant impact both on the actual problems in this sphere and on economic research in general. All participants at the conference urged that the NBER explore with the Ford Foundation the possibility of Ford's funding such a major program at NBER. While funds may be available for many of the individual projects from a variety of sources, a sum of \$500,000 - \$600,000 per year from Ford for five years would insure the necessary commitment, continuity, coordination and success of the overall program.

Everyone sees great advantages if a program can be developed and funded with a long term horizon. The cooperation and coordination of a wide variety of researchers following many approaches simultaneously will be far more valuable than a similar number of projects done separately. In several cases, individuals indicated that having the assurance of an ongoing program at a permanent research institution would greatly increase their interest and those of others in energy and resource research. They were particularly pleased that the NBER was willing to consider expansion in this field since they felt it fit well into the specialized research skills the Bureau has carried over from the past and those that are in the process of development. They believed that the prospective results, both with respect to the field of energy and economics in general, would be outstanding compared to most alternative uses of research funds.

I would stress that while interests have been explored with a variety of research workers, no commitments of any sort were engaged in. I made it clear that we were in an exploratory phase as far as the NBER was concerned. We would now look into the question of establishing a research program. After it was established and funded, individual projects would be undertaken, based upon their specific merits.

The program would be centered at NBER-West but it would make use of the entire resources of the National Bureau. The specialized skills at other offices, and particularly at Cambridge, would be committed. One unusual advantage arises from the fact that Dale Jorgenson has been seriously thinking of spending half of time in each of the next several years at Cambridge and Stanford.

I hope you agree with me that the prospects for research here at NBER in the fields of energy and resources look exceedingly promising. Dale Jorgenson, Ed Kuh and I would like to meet with you to explore in greater detail the interest of the Ford Foundation in such a program. I will call you in a few days.

Sincerely,

Sherman J. Maisel

Attachments

Rec 6-2-75

NATIONAL BUREAU OF ECONOMIC RESEARCH, INC.

To: Bob Meyer

Confidential

Memorandum

To: Douglas Eldridge
From: John R. Meyer *JRM*
Date: May 30, 1975
Subject: Agenda for Executive Committee Meeting on June 11

Would you please draft some resolutions for possible submission to the Executive Committee regarding retirement policies at the National Bureau. I would suggest that we consider retiring officers at the end of the annual term in which they reach the age of 60. For all other personnel, I would suggest retirement on the first of the month after they reach the age of 62.

For those officers retiring at 60.5 (plus or minus) some transitional arrangements would seem in order. For instance a lump sum payment to TIAA/CREF might be made at time of retirement equal to what they would have received for TIAA/CREF until age 62. Also, some kind of consulting arrangement for a year or two would seem sensible so as to phase the transition and to compensate the officer at least as much as Social Security payments would be at age 62. In cases of those retiring at 62, such arrangements would not be necessary. I would appreciate it if you would talk this over with Warren Lackstrom, Gerry Ronkin, Ed Smith and Harvey McMains who may have some further suggestions.

JRM:ejl
CC: W. Lackstrom
G. Ronkin
E. K. Smith
H. McMains

On
6-3-75

Retirement under
the plan 58+ over -
from John H. Lanni
payroll dept.

			Age in 1975	1975	76	77	78	
RUTH BRODY	8/1/14	60	61		✓			17 59 or more in 1975
M. CARDOZA	2/26/08	67	67	✓				
M.E. COURTNEY	7/21/13	61	62	✓				
V.H. CROWLEY	10/12/16	58	59				✓	
D.H. ELDRIDGE	4/12/16	59	59		✓			
M. FRIEDMAN	7/31/12	62	63	✓				
M. KELENBA	7/6/14	60	61		✓			
A. KISSELEOFF	9/27/06	68	69	✓				
I.B. KRAVIS	8/30/16	58	59				✓	
R. LA PAN	7/23/15	59	60			✓		
C. MITCHELL	9/12/15	59	60			✓		
G.H. MOTRE	2/28/14	61	62	✓				
M. MOSS	2/3/15	60	61		✓			
R. RUGGLES	4/15/16	58	59				✓	
A. SCHWARTZ	11/11/15	59	60			✓		
G. STIGLER	11/17/14	64	64	✓				
E.E.S. WEHLE	11/23/13	61	62	✓				

KELLEY DRYE & WARREN

350 PARK AVENUE

NEW YORK 10022

TELEPHONE (212) 752-5800

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COUNSEL

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JOHN W. DRYE, JR.
ROBERT EHRENBARD
SAMUEL B. FORTENBAUGH, III
B. HARRISON FRANKEL
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BUD GEO. HOLMAN
J. QUINCY HUNSICKER, 3RD
LELAND J. MARKLEY
CHARLES OECHELER
THEODORE PEARSON
EDWARD ROBERTS, III
WILLIAM S. RUBINSTEIN
TERRANCE W. SCHWAB
FREDERICK T. SHEA
ALBERT J. WALKER
CHAUNCEY L. WALKER
LOUIS B. WARREN
HARVEY FOLKS ZIMAND

June 2, 1975

PERSONAL AND CONFIDENTIAL

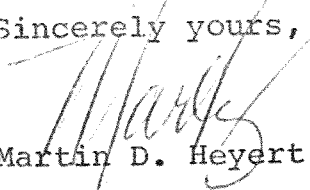
Dr. Douglas Eldridge
Vice President - Executive Secretary
National Bureau of Economic Research, Inc.
261 Madison Avenue
New York, New York 10016

Dear Doug:

I enclose the following statutory provisions that prohibit employers from discriminating against employees because of their age:

1. Federal Age Discrimination In Employment Act, 29 USCA §§623(a)(f), 631;
2. New York State Human Rights Law, §§296(1)(a), 296(3-a)(a)(c); and
3. New York City Human Rights Law, §§B1-7.0(1)(a), B1-7.0(3a)(a)(c).

Sincerely yours,


Martin D. Heyert

MDH:jf
Enc.

employers and workers find ways of meeting problems arising from the impact of age on employment.

Pub.L. 90-202, § 2, Dec. 15, 1967, 81 Stat. 602.

Library References

Civil Rights ⇔ 9, 10.

§ 622. Education and research program; recommendation to Congress

(a) The Secretary of Labor shall undertake studies and provide information to labor unions, management, and the general public concerning the needs and abilities of older workers, and their potentials for continued employment and contribution to the economy. In order to achieve the purposes of this chapter, the Secretary of Labor shall carry on a continuing program of education and information, under which he may, among other measures—

(1) undertake research, and promote research, with a view to reducing barriers to the employment of older persons, and the promotion of measures for utilizing their skills;

(2) publish and otherwise make available to employers, professional societies, the various media of communication, and other interested persons the findings of studies and other materials for the promotion of employment;

(3) foster through the public employment service system and through cooperative effort the development of facilities of public and private agencies for expanding the opportunities and potentials of older persons;

(4) sponsor and assist State and community informational and educational programs.

(b) Not later than six months after the effective date of this chapter, the Secretary shall recommend to the Congress any measures he may deem desirable to change the lower or upper age limits set forth in section 631 of this title.

Pub.L. 90-202, § 3, Dec. 15, 1967, 81 Stat. 602.

§ 623. Prohibition of age discrimination

Employer practices

(a) It shall be unlawful for an employer—

(1) to fail or refuse to hire or to discharge any individual or otherwise discriminate against any individual with respect to his compensation, terms, conditions, or privileges of employment, because of such individual's age;

Complete Judicial Constructions, See Title 29, U.S.C.A.

(2) to limit, segregate, or classify his employees in any way which would deprive or tend to deprive any individual of employment opportunities or otherwise adversely affect his status as an employee, because of such individual's age; or

(3) to reduce the wage rate of any employee in order to comply with this chapter.

Employment agency practices

(b) It shall be unlawful for an employment agency to fail or refuse to refer for employment, or otherwise to discriminate against, any individual because of such individual's age, or to classify or refer for employment any individual on the basis of such individual's age.

Labor organization practices

(c) It shall be unlawful for a labor organization—

(1) to exclude or to expel from its membership, or otherwise to discriminate against, any individual because of his age;

(2) to limit, segregate, or classify its membership, or to classify or fail or refuse to refer for employment any individual, in any way which would deprive or tend to deprive any individual of employment opportunities, or would limit such employment opportunities or otherwise adversely affect his status as an employee or as an applicant for employment, because of such individual's age;

(3) to cause or attempt to cause an employer to discriminate against an individual in violation of this section.

Opposition to unlawful practices; participation in investigations, proceedings, or litigation

(d) It shall be unlawful for an employer to discriminate against any of his employees or applicants for employment, for an employment agency to discriminate against any individual, or for a labor organization to discriminate against any member thereof or applicant for membership, because such individual, member or applicant for membership has opposed any practice made unlawful by this section, or because such individual, member or applicant for membership has made a charge, testified, assisted, or participated in any manner in an investigation, proceeding, or litigation under this chapter.

Printing or publication of notice or advertisement indicating preference, limitation, etc.

(e) It shall be unlawful for an employer, labor organization, or employment agency to print or publish, or cause to be printed or published, any notice or advertisement relating to employment by such an employer or membership in or any classification or referral

Complete Judicial Constructions, See Title 29, U.S.C.A.

for employment by such a labor organization, or relating to any classification or referral for employment by such an employment agency, indicating any preference, limitation, specification, or discrimination, based on age.

Lawful practices; age an occupational qualification; other reasonable factors; seniority system; employee benefit plans; discharge or discipline for good cause

(f) It shall not be unlawful for an employer, employment agency, or labor organization—

(1) to take any action otherwise prohibited under subsections (a), (b), (c), or (e) of this section where age is a bona fide occupational qualification reasonably necessary to the normal operation of the particular business, or where the differentiation is based on reasonable factors other than age;

(2) to observe the terms of a bona fide seniority system or any bona fide employee benefit plan such as a retirement, pension, or insurance plan, which is not a subterfuge to evade the purposes of this chapter, except that no such employee benefit plan shall excuse the failure to hire any individual; or

(3) to discharge or otherwise discipline an individual for good cause.

Pub.L. 90-202, § 4, Dec. 15, 1967, 81 Stat. 603.

Code of Federal Regulations

Employment requirements, see 29 CFR 860.1 et seq.

§ 624. Study by Secretary of Labor; reports to President and Congress

The Secretary of Labor is directed to undertake an appropriate study of institutional and other arrangements giving rise to involuntary retirement, and report his findings and any appropriate legislative recommendations to the President and to the Congress.

Pub.L. 90-202, § 5, Dec. 15, 1967, 81 Stat. 604.

§ 625. Administration

The Secretary shall have the power—

Delegation of functions; appointment of personnel; technical assistance

(a) to make delegations, to appoint such agents and employees, and to pay for technical assistance on a fee for service basis, as he deems necessary to assist him in the performance of his functions under this chapter;

Complete Judicial Constructions, See Title 29, U.S.C.A.



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U.S.C.A.

which such employees may enjoy membership or become affiliat-
ed with such labor organization; or

(5) is a conference, general committee, joint or system board,
or joint council subordinate to a national or international labor
organization, which includes a labor organization engaged in
an industry affecting commerce within the meaning of any of
the preceding paragraphs of this subsection.

(f) The term "employee" means an individual employed by any
employer except that the term "employee" shall not include any per-
son elected to public office in any State or political subdivision of
any State by the qualified voters thereof, or any person chosen by
such officer to be on such officer's personal staff, or an appointee on
the policymaking level or an immediate adviser with respect to the
exercise of the constitutional or legal powers of the office. The ex-
emption set forth in the preceding sentence shall not include em-
ployees subject to the civil service laws of a State government, gov-
ernmental agency, or political subdivision.

(g) The term "commerce" means trade, traffic, commerce, trans-
portation, transmission, or communication among the several States;
or between a State and any place outside thereof; or within the Dis-
trict of Columbia, or a possession of the United States; or between
points in the same State but through a point outside thereof.

(h) The term "industry affecting commerce" means any activity,
business, or industry in commerce or in which a labor dispute would
hinder or obstruct commerce or the free flow of commerce and in-
cludes any activity or industry "affecting commerce" within the
meaning of the Labor-Management Reporting and Disclosure Act of
1959.³

(i) The term "State" includes a State of the United States, the
District of Columbia, Puerto Rico, the Virgin Islands, American
Samoa, Guam, Wake Island, the Canal Zone, and Outer Continental
Shelf lands defined in the Outer Continental Shelf Lands Act.⁴

Pub.L. 90-202, § 11, Dec. 15, 1967, 81 Stat. 605; Pub.L. 93-259, § 28
(a)(1)-(4), Apr. 8, 1974, 88 Stat. 74.

¹ See section 151 et seq. of this title.

² See 45 U.S.C.A. § 151 et seq.

³ See section 401 et seq. of this title.

⁴ See 43 U.S.C.A. § 1331 et seq.

§ 631. Age limits

The prohibitions in this chapter shall be limited to individuals who
are at least forty years of age but less than sixty-five years of age.

Pub.L. 90-202, § 12, Dec. 15, 1967, 81 Stat. 607.

Library References

Civil Rights \hookrightarrow 9, 10.

Complete Judicial Constructions, See Title 29, U.S.C.A.

for the development of policies and procedures in general and in specific instances. The advisory councils also shall disseminate information about the division's activities to organizations and individuals in their localities. Such advisory councils shall be composed of representative citizens, serving without pay, but with reimbursement for actual and necessary traveling expenses; and the division may make provision for technical and clerical assistance to such councils and for the expenses of such assistance.

Publicizing
article

9. To develop human rights plans and policies for the state and assist in their execution and to make investigations and studies appropriate to effectuate this article and to issue such publications and such results of investigations and research as in its judgment will tend to inform persons of the rights assured and remedies provided under this article, to promote good-will and minimize or eliminate discrimination because of age, race, creed, color, sex or national origin.

Reports

10. To render each year to the governor and to the legislature a full written report of all its activities and of its recommendations.

Tensions

11. To inquire into incidents of and conditions which may lead to tension and conflict among racial, religious and nationality groups and to take such action within the authority granted by law to the division, as may be designed to alleviate such conditions, tension and conflict;

Technical
assistance

12. To furnish any person with such technical assistance as the division deems appropriate to further compliance with the purposes or provisions of this article;

Local
agencies

13. To promote the creation of human rights agencies by counties, cities, villages or towns in circumstances the division deems appropriate.

Gifts,
grants to

14. To accept, with the approval of the governor, as agent of the state, any grant, including federal grants, or any gift for any of the purposes of this article. Any moneys so received may be expended by the division to effectuate any purpose of this article, subject to the same limitations as to approval of expenditures and audit as are prescribed for state moneys appropriated for the purposes of this article;

15. To adopt an official seal.

Concurrent
jurisdiction
with N.Y.C.
Commission in
blockbusting

16. To have concurrent jurisdiction with the New York city commission on human rights over the administration and enforcement of title C of chapter one of the administrative code of the city of New York.*

§ 296. Unlawful discriminatory practices. 1. It shall be an unlawful discriminatory practice:

Employers

(a) For an employer, because of the age, race, creed, color, national origin, sex, or disability of any individual, to refuse to hire

* See page 34 for New York City Administrative Code, Chap. 1, Title C.

or employ or to bar or to discharge individual or to discriminate against such individual in terms, conditions or privileges of

(b) For an employment agency to refuse to accept or to employ an individual because of his age, race, sex, or disability, in receiving, classifying, or acting upon applications for its services or applicants to an employer or employer

(c) For a labor organization, because of color, national origin, sex, or disability, to expel from its membership such individual in any way against any of its members or any individual employed by an employer

(d) For any employer or employment agency to cause to be printed or circulated or to use any form, document or publication, or to make an inquiry in connection with employment, which expresses directly or indirectly a specification or discrimination as to age, national origin, sex, or disability, or any intent to discriminate on the basis of such specification or discrimination, unless such specification or discrimination is based on occupational qualification; provided, however, that nothing in this chapter shall be construed to prohibit the department of city personnel of any city containing a provision of personnel requesting information from applicants concerning any of the aforementioned matters in the course of conducting studies to identify areas of need in recruitment and testing of members of the civil service for all persons, regardless of national origin, sex, or disability.

(e) For any employer, labor organization or employment agency to discharge, expel or otherwise discriminate against any person because he has opposed any practice prohibited by this article or because he has filed a complaint or any proceeding under this article.

1-a. It shall be an unlawful discriminatory practice for any employer, labor organization, employment agency or management committee controlling appointments to

(a) To select persons for an employment position registered with the state of New York on the basis of qualifications, as determined by objective criteria, in the following view;

(b) To deny to or withhold from any person because of race, creed, color, national origin, sex, or disability, the right to be admitted to or participate in a guidance program, on-the-job training program, or other occupational training program;

es and procedures in general and in
ry councils also shall disseminate in-
s activities to organizations and indi-
h advisory councils shall be composed
ng without pay, but with reimbursement
veling expenses; and the division may
nd clerical assistance to such councils
istance.

Plans and policies for the state and
make investigations and studies ap-
e and to issue such publications and
and research as in its judgment will
rights assured and remedies provided
e good-will and minimize or eliminate
e, race, creed, color, sex or national

o the governor and to the legislature a
ivities and of its recommendations.

ents of and conditions which may lead
ong racial, religious and nationality
n within the authority granted by law
designed to alleviate such conditions,

on with such technical assistance as
to further compliance with the pur-

of human rights agencies by coun-
in circumstances the division deems

approval of the governor, as agent of
g federal grants, or any gift for any of
Any moneys so received may be ex-
effectuate any purpose of this article,
ns as to approval of expenditures and
state moneys appropriated for the pur-

al.
jurisdiction with the New York city
s over the administration and enforce-
e of the administrative code of the city

minatory practices. 1. It shall be an
tice:

because of the age, race, creed, color,
ility of any individual, to refuse to hire

Administrative Code, Chap. 1, Title C.

or employ or to bar or to discharge from employment such indi-
vidual or to discriminate against such individual in compensation or
in terms, conditions or privileges of employment.

(b) For an employment agency to discriminate against any
individual because of his age, race, creed, color, national origin,
sex, or disability, in receiving, classifying, disposing or otherwise
acting upon applications for its services or in referring an applicant
or applicants to an employer or employers.

Employment
agencies

(c) For a labor organization, because of the age, race, creed,
color, national origin, sex, or disability of any individual, to exclude
or to expel from its membership such individual or to discriminate
in any way against any of its members or against any employer or
any individual employed by an employer.

Labor
organizations

(d) For any employer or employment agency to print or cir-
culate or cause to be printed or circulated any statement, advertise-
ment or publication, or to use any form of application for employ-
ment or to make an inquiry in connection with prospective
employment, which expresses directly or indirectly, any limitation,
specification or discrimination as to age, race, creed, color, national
origin, sex, or disability, or any intent to make any such limitation,
specification or discrimination, unless based upon a bona fide oc-
cupational qualification; provided, however, that neither this para-
graph nor any provision of this chapter or other law shall be con-
strued to prohibit the department of civil service or the department
of personnel of any city containing more than one county from
requesting information from applicants for civil service examinations
concerning any of the aforementioned characteristics for the pur-
pose of conducting studies to identify and resolve possible problems
in recruitment and testing of members of minority groups to insure
the fairest possible and equal opportunities for employment in the
civil service for all persons, regardless of age, race, creed, color,
national origin, sex, or disability.

Advertisements,
inquiries

Exception—
civil
service

(e) For any employer, labor organization or employment
agency to discharge, expel or otherwise discriminate against any
person because he has opposed any practices forbidden under this
article or because he has filed a complaint, testified or assisted in
any proceeding under this article.

Retaliation

1-a. It shall be an unlawful discriminatory practice for an em-
ployer, labor organization, employment agency or any joint labor-
management committee controlling apprentice training programs:

Training
programs

(a) To select persons for an apprentice training program
registered with the state of New York on any basis other than their
qualifications, as determined by objective criteria which permit re-
view;

Criteria

(b) To deny to or withhold from any person because of his
race, creed, color, national origin, sex, or disability, the right to
be admitted to or participate in a guidance program, an apprentice-
ship training program, on-the-job training program, executive train-
ing program, or other occupational training or retraining program;

Admission

...st any person in his pursuit of such
...gainst such a person in the terms,
...h programs because of race, creed,
...isability;

...or cause to be printed or circulated
...r publication, or to use any form
...ns or to make any inquiry in con-
...h expresses, directly or indirectly,
...discrimination as to race, creed,
...ability, or any intent to make any
...discrimination, unless based on a
...tion.

...ful discriminatory practice for any
...proprietor, manager, superintendent,
...e of public accommodation, resort or
...creed, color, national origin, sex, or
...tly or indirectly, to refuse, withhold
...y of the accommodations, advantages,
...including the extension of credit, or,
...ish, circulate, issue, display, post or
...munication, notice or advertisement,
...ccommodations, advantages, facilities
...ce shall be refused, withheld from or
...nt of race, creed, color, national ori-
...he patronage or custom thereof of any
...of any particular race, creed, color,
...a disability is unwelcome, objection-
...solicited.

...division shall be construed to prevent
...ause of the sex of such person, from
...ons, resort or amusement if the divi-
...d on bona fide considerations of pub-
...vision apply to the rental of rooms in
...ch restricts such rental to individuals

...discriminatory practice for the owner,
...managing agent of publicly-assisted
...her person having the right of owner-
...right to rent or lease such accommoda-

...r lease or otherwise to deny to or with-
...up of persons such housing accommo-
...reed, color, disability or national origin

...gainst any person because of his race,
...tional origin in the terms, conditions
...assisted housing accommodations or in
...services in connection therewith.

(c) To cause to be made any written or oral inquiry or rec-
ord concerning the race, creed, color, disability or national origin of
a person seeking to rent or lease any publicly-assisted housing ac-
commodation.

Inquiries,
records

3-a. It shall be an unlawful discriminatory practice:

(a) For an employer or licensing agency, because an individ-
ual is between the ages of forty and sixty-five, to refuse to hire, or
employ or license or to bar or to terminate from employment such
individual, or to discriminate against such individual in promotion,
compensation or in terms, conditions or privileges of employment:

Age discrimina-
tion in employ-
ment

(b) For any employer, licensing agency or employment
agency to print or circulate or cause to be printed or circulated any
statement, advertisement or publication, or to use any form of ap-
plication for employment or to make any inquiry in connection with
prospective employment, which expresses, directly or indirectly, any
limitation, specification or discrimination respecting individuals be-
tween the ages of forty and sixty-five, or any intent to make any
such limitation, specification or discrimination.

40-65

(c) For any employer, licensing agency or employment
agency to discharge or otherwise discriminate against any person be-
cause he has opposed any practices forbidden under this article or
because he has filed a complaint, testified or assisted in any pro-
ceeding under this article.

Retaliation

But nothing contained in this subdivision or in subdivision one
of this section shall be construed to prevent the termination of the
employment of any person who is physically unable to perform his
duties or to affect the retirement policy or system of any employer
where such policy or system is not merely a subterfuge to evade the
purposes of said subdivisions; nor shall anything in said subdivi-
sions be deemed to preclude the varying of insurance coverages
according to an employee's age.

Physical
disability

Retirement
plans

3-b. It shall be an unlawful discriminatory practice for any real
estate broker, real estate salesman or employee or agent thereof or
any other individual, corporation, partnership or organization for
the purpose of inducing a real estate transaction from which any
such person or any of its stockholders or members may benefit fi-
nancially, to represent that a change has occurred or will or may
occur in the composition with respect to race, creed, color or na-
tional origin of the owners or occupants in the block, neighborhood
or area in which the real property is located, and to represent, di-
rectly or indirectly, that this change will or may result in unde-
sirable consequences in the block, neighborhood or area in which
the real property is located, including but not limited to the lower-
ing of property values, an increase in criminal or anti-social be-
havior, or a decline in the quality of schools or other facilities.*

Blockbusting

* See Section 2 of Chapter 493 of the Laws of 1970 which amended Chapter
1070 of the Laws of 1969, through which this subdivision 3-b (former num-
ber 3) was added, as follows: "None of the amendments made by this act
shall apply to the city of New York".

(2) To encourage equality of treatment for, and prevent discrimination against, any racial, religious or ethnic group or its members;

(3) To cooperate with governmental and non-governmental agencies and organizations having like or kindred functions and

(4) To make such investigations and studies in the field of human relations as in the judgment of the commission will aid in effectuating its general purposes.

Sec. B1-5.0 Powers and duties. The powers and duties of the commission shall be:

1. To work together with federal, state and city agencies in developing courses of instruction, for presentation to city employees and in public and private schools, public libraries, museums and other suitable places, on techniques for achieving harmonious intergroup relations within the city of New York.

2. To enlist the cooperation of the various racial, religious and ethnic groups, community organizations, labor organizations, fraternal and benevolent associations and other groups in New York City, in programs and campaigns devoted to eliminating group prejudice, intolerance, bigotry and discrimination.

3. To study the problems of prejudice, intolerance, bigotry, and discrimination and disorder occasioned thereby in all or any fields of human relationship.

4. To receive, investigate and pass upon complaints and to initiate its own investigations of:

(a) racial, religious and ethnic group tensions, prejudice, intolerance, bigotry and disorder occasioned thereby;

(b) discrimination against any person, group of persons, organization or corporation, whether practiced by private persons, associations, corporations and, after consultation with the Mayor, by city officials or city agencies. Upon its own motion, to make, sign and file complaints alleging violations of this title.

5. To hold hearings, compel the attendance of witnesses, administer oaths, take the testimony of any per-

son under oath and in connection therewith to require the production of any evidence relating to any material under investigation or any question before the commission.

6. To issue publications and reports of investigations and research designed to promote good will and minimize or eliminate prejudice, intolerance, bigotry, discrimination and disorder occasioned thereby,

7. To appoint an executive director. The expenses for the carrying on of the commission's activities shall be paid out of the funds in the city treasury,

8. To recommend to the Mayor and to the city council legislation to aid in carrying out the purposes of this title,

9. To submit an annual report to the Mayor and the city council which shall be published in the City Record.

Sec. B1-6.0 Relations with city departments and agencies. So far as practicable and subject to the approval of the Mayor, the services of all other city departments and agencies shall be made available by their respective heads to the commission for the carrying out of the functions herein stated. The head of any department or agency shall furnish information in the possession of such department or agency when the commission, after consultation with the mayor, so requests. The corporation counsel may assign counsel to assist the commission in the conduct of its investigation or hearing.

2. If any provision of this local law or the application of such provision to any person or circumstance shall be held invalid, the remainder of such local law or the application of such provision to persons or circumstances other than those to which it is held invalid shall not be affected thereby.

Sec. B1-7.0 Unlawful discriminatory practices:

1. It shall be an unlawful discriminatory practice:

(a) For an employer, because of the age, race, creed, color, national origin or sex of any individual, to refuse to hire or employ or to bar or to discharge from employment such indivi-

dual or to discriminate against such individual in compensation or in terms, conditions or privileges of employment.

(b) For an employment agency to discriminate against any individual because of his age, race, creed, color, national origin, or sex in receiving, classifying, disposing or otherwise acting upon applications for its services or in referring an applicant or applicants to an employer or employers.

(c) For a labor organization, because of the age, race, creed, color, national origin or sex of any individual, to exclude or to expel from its membership such individual or to discriminate in any way against any of its members or against any employer or any individual employed by an employer.

(d) For any employer or employment agency to print or circulate or cause to be printed or circulated any statement, advertisement or publication, or to use any form of application for employment or to make any inquiry in connection with prospective employment, which expresses, directly or indirectly, any limitation, specification or discrimination as to age, race, creed, color, national origin or sex, or any intent to make any such limitation, specification or discrimination, unless based upon a bona fide occupational qualification.

(e) For any employer, labor organization or employment agency to discharge, expel or otherwise discriminate against any person because he has opposed any practices forbidden under this article or because he has filed a complaint, testified or assisted in any proceeding under this article.

1a. It shall be an unlawful discriminatory practice for an employer, labor organization, employment agency or any joint labor-management committee controlling apprentice training programs:

(a) To select persons for an apprentice training program registered with the state of New York on any basis other than their qualifications, as determined by objective criteria which permit review;

(b) To deny to or withhold from any person because of his race, creed, color, national origin or sex the right

to be admitted to or participate in a guidance program, an apprenticeship training program, on-the-job training program, or other occupational training or retraining program;

(c) To discriminate against any person in his pursuit of such programs or to discriminate against such a person in the terms, conditions or privileges of such programs because of race, creed, color, national origin or sex;

(d) To print or circulate or cause to be printed or circulate any statement, advertisement or publication, or to use any form of application for such programs or to make any inquiry in connection with such program which expresses, directly or indirectly, any limitation, specification or discrimination as to race, creed, color, national origin or sex, or any intent to make any such limitation, specification or discrimination, unless based on a bona fide occupational qualification.

En. Note: Subdivisions 2 and 3 referring to housing and accommodations have been omitted.

3a. It shall be an unlawful discriminatory practice.

(a) For any employer or licensing agency, because an individual is between the ages of forty and sixty-five, to refuse to hire or employ or license or to bar or to terminate from employment such individual, or to discriminate against such individual in promotion, compensation or in terms, conditions or privileges of employment.

(b) For any employer, licensing agency or employment agency to print or circulate or cause to be printed or circulated any statement, advertisement or publication, or to use any form of application for employment or to make any inquiry in connection with prospective employment, which expresses, directly or indirectly, any limitation, specification or discrimination respecting individuals between the ages of forty and sixty-five, or any intent to make any such limitation, specification or discrimination.

(c) For any employer, licensing agency or employment agency to discharge or otherwise discriminate against any person because he has opposed any practices forbidden under this title or because he has filed a complaint, testified or assisted in any proceeding under this title. But nothing contained in this subdivision or in this section shall be construed to prevent the termination of the employment of any person who is physically unable to perform his duties or to affect the retirement policy or system of any employer where such policy or system is not merely a subterfuge to evade the purposes of said subdivisions; nor shall anything in said subdivisions be deemed to preclude the varying of insurance coverages according to an employee's age.

Ed. Note: Subdivisions 4 and 5a referring to housing and accommodations have been omitted.

6. It shall be an unlawful discriminatory practice for any person to aid, abet, incite, compel or coerce the doing of any of the acts forbidden under this article, or to attempt to do so.

7. It shall be an unlawful discriminatory practice for any person engaged in any activity to which this section applies to retaliate or discriminate against any person because he has opposed any practices forbidden under this title or because he has filed a complaint, testified or assisted in any proceeding under this title.

8. It shall be an unlawful discriminatory practice for any party to a conciliation agreement made pursuant to section B1-8.0 of this title to violate the terms of such agreement.

9. Nothing contained in this section shall be construed to bar any religious or denominational institution or organization, or any organization operated for charitable or educational purposes, which is operated, supervised or controlled by or in connection with a religious organization, from limiting employment or sales or rental of housing accommodations or admission to or giving preference to persons of the same religion or denomination or from making such

selection as is calculated by such organization to promote the religious principles for which it is established or maintained.

B1-7.1 Unlawful discriminatory practices—the physically handicapped.—The provisions heretofore set forth in section B1.70 as unlawful discriminatory practices shall be construed to include, wherever consistent with the nature and extent of the handicap, a person who is physically handicapped. (As amended, January 1969)

B1-8.0 Procedure.

1. Any person claiming to be aggrieved by an unlawful discriminatory practice may, by himself or his attorney-at-law, make, sign and file with the commission a verified complaint in writing which shall state the name and address of the person, employer, labor organization or employment agency alleged to have committed the unlawful discriminatory practice complained of and which shall set forth the particulars thereof and contain such other information as may be required by the commission. The commission upon its own motion may, in like manner, make, sign and file such complaint. In connection with the filing of such complaint, the commission is authorized to take proof, issue subpoenas and administer oaths in the manner provided in the civil practice law and rules. Any employer whose employees, or some of them, refuse or threaten to refuse to cooperate with the provisions of this title, may file with the commission a verified complaint asking for assistance by conciliation or other remedial action.

2. After the filing of any complaint, the commission shall make prompt investigation in connection therewith. If the commission shall determine after such investigation that probable cause does not exist for crediting the allegations of the complaint that the person named in the complaint, hereinafter referred to as the respondent, has engaged or is engaging in an unlawful discriminatory practice, the commission shall issue and cause to be served on the complainant an order dismissing such allegations of the said complaint as

NATIONAL BUREAU OF ECONOMIC RESEARCH, INC.

Memorandum

To: All NBER Officers
From: John R. Meyer *JRM*
Date: May 19, 1975
Subject: Administrative Management Changes

During the past several months a number of administrative and management changes have been made. Although you are well aware of these, I think it appropriate at this time to issue a General Management Organization chart and to briefly summarize the most significant modifications.

The major changes involve the responsibilities of Harvey McMains, Ed Smith and Warren Lackstrom. Harvey McMains, who was recently elected Vice President has assumed administrative responsibility for all activities located in the New York Office's tenth floor including Editorial, Publications, Publicity and Fund Raising.

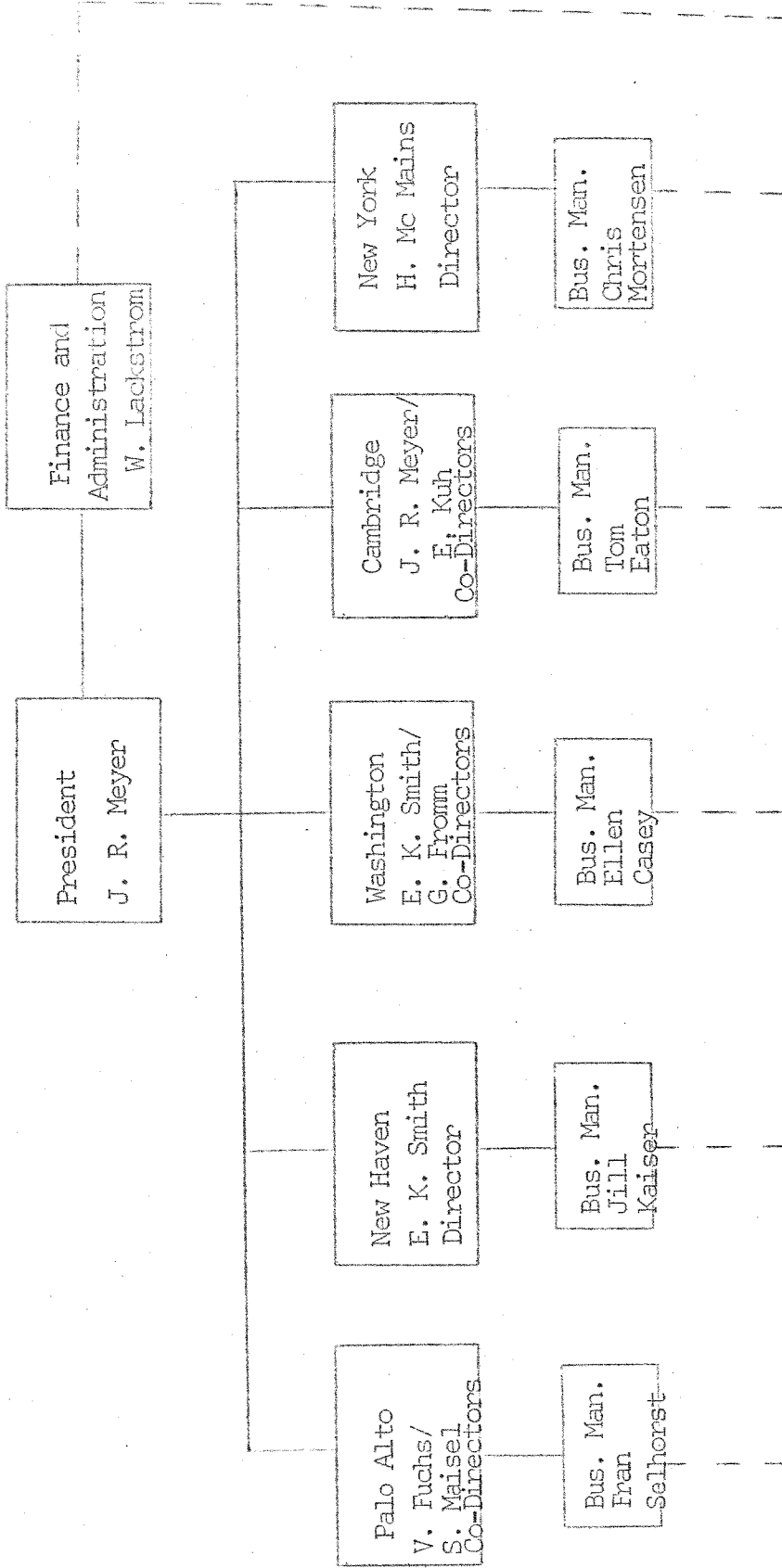
Ed Smith who has had overall responsibility for the Washington Office since its inception has formally assumed Co-Director responsibilities for that office with Gary Fromm. Specifically, Ed Smith will have primary management and administrative responsibility for the Washington office. It is my hope that this will free Gary Fromm to concentrate his attentions on development and guidance of the research program in Washington. Ed will also be responsible for liaison with the various federal funding agencies. I would, therefore, ask that all of you keep Ed as informed as you possibly can on all developing contacts in D.C. Conversely, Ed will try to do his best to bring to your attention new developments in Washington that may be relevant to our various concerns. Finally, Ed will continue to have primary responsibility for the New Haven office.

Warren Lackstrom who has overall responsibilities for Accounting, Budgeting, Grant and Contract Administration, Computer Services and Office Management functions will now report directly to me rather than through Ed Smith. With Ed dividing his time and energies between Washington and New Haven it seems appropriate to make this shift at this time. The Business Managers of the various offices will report to both the Office Director and to Warren. I believe that this dual reporting relationship is necessary to insure the proper coordination of administrative policies and procedures.

Several changes have also occurred at the Computer Research Center. Mark Eisner has resigned his position as Technical Director - CRC. He will, however, continue to be associated with the Computer Center on a consulting basis. Richard Hill and Gerald Ruderman who were elected officers by the Executive Committee at its April meeting will assume Mark's responsibilities. Richard has been named Technical Director - CRC and Gerald has been named Director of Systems Programming - CRC.

JRM:ejl

NBER - GENERAL MANAGEMENT ORGANIZATION



NOTE: Business Managers Report to Both the Directors of Their Respective Offices and the Assistant Vice President for Finance and Administration. The Reporting Relationship to the Finance and Administration Group is to Insure the Coordination of and Adherence to NBER Administrative Policies and Procedures.