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## **Joseph Willits, Anne Bezanson and economic history: 1939-1954<sup>1</sup>**

“You stand in the midst of the greatest achievements of the greatest productive civilization and you wonder why it’s crumbling around you, while you’re damning its life-blood—money...To the glory of mankind, there was for the first and only time in history, a *country of money*—and I have no higher, more reverent tribute to pay to America, for this means: a country of reason, justice, freedom, production, achievement. For the first time, man’s mind and money were set free, and there were no fortunes-by-conquest, but only fortunes-by-work, and instead of swordsmen and slaves, there appeared the real maker of wealth, the greatest worker, the highest type of human being- the self made man- the American industrialist”  
Ayn Rand (1957), *Atlas Shrugged*<sup>2</sup>.

### **Introduction**

As a doctoral student at the London School of Economics, I am researching the 20<sup>th</sup> century fortunes of a sub-field of economics: economic history. Broadly speaking, this is a body of knowledge consecrated to understanding the origin, dynamics and consequences of past economic events. In the U.S., shortly after the Second World War, economic history underwent a “revolution.” It was transformed from a relatively eclectic discipline predicated on the reconstruction of an economic past in a predominantly *narrative* form to a much more uniform field calling upon the rigorous application of economic models and statistical constructs to the past - most of which was expressed in *mathematical* form<sup>3</sup>. To caricature, while an economic historian in the 1940s would have been concerned with describing the numerous ways in which the railroad impacted American society and economic growth in the 19<sup>th</sup> century, his 1960s counterpart would have built a mathematical model of the American economy with a railroad, and one without, and measured the economic impact of this change. More than a mere issue of quantification, the difference between these types of scholarship lay in the degree of confidence they gave to theoretical principles developed by economists.

One of the principle tasks of my thesis is to better document these different types of economic history, and fit them into the academic, social and political context of their respective epochs. In April 2003, I spent a month at the Rockefeller Archive Center buried

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<sup>2</sup> Ayn Rand, *Atlas Shrugged* (New York, 1996), p. 384.

<sup>3</sup> This mathematical, neoclassical theory based form of economic history was called “cliometrics” or “new economic history.”

in grant applications, policy files, correspondences, inter-office memos and reports to try to understand the reasons behind the Rockefeller Foundation's generous support of economic history in the U.S. in the 1940s and 1950s. What I found was two names and a vision: Joseph Willits, Anne Bezanson and "good" economics. This article is about these scholars, their role in American social science and their understanding of what "good," economics and "good" economists were.

## 1. Joseph Willits and Anne Bezanson

### 1. a. The early years

Joseph H. Willits<sup>4</sup> was Director of Social Science at the Rockefeller Foundation from 1939 to 1954. During this time, he was arguably one of the most influential men in academic and government social science. Indeed, as the head of one of the largest private philanthropic funds, in an age when economics was not yet sponsored by large public appropriations, he had the unmatched ability to push research and priorities in directions he saw fit. Within months of his appointment to the Rockefeller Foundation, Willits invited Anne Bezanson<sup>5</sup> to join him, as part-time consultant, where she stayed until 1950. In this decade of collaboration, Willits and Bezanson attempted to promote a type of economics and a type of economist that they envisioned as "good."

Willits and Bezanson met in the early 1920s, as young faculty members of the Wharton School of Business. In 1921 they created the Industrial Research Department (IRD) at Wharton, an institute dedicated to the study of industrial problems. The IRD's first project was a survey of worker turnover in the Philadelphia labor market: the stated goal being to understand the root causes of worker absenteeism in large manufacturing plants. This first joint project was indicative of the vision Willits and Bezanson had of their role in society. In their eyes, the social scientist had to examine, understand and thus alleviate the main causes of discontent and misery. Willits, for instance, had written his Ph.D. thesis on unemployment in Philadelphia and on the parameters for establishing a public employment office for the city. In the course of his research, he had built a hand-drawn grid of the city on which he traced the course of an unemployed Philadelphian's search for a job over two days and 186 blocks, arguing for the centralization of requests from workers and employers (a visionary scheme for employment offices to come)<sup>6</sup>. He took his responsibility as a labor and

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<sup>4</sup> Joseph Henry Willits (1889-1979). Born in Pennsylvania on a farm, in a Quaker family. A.B. (1911) and A.M. (1912) in economics from Swarthmore College; PhD (1916) in economics from the University of Pennsylvania. Became Professor in Industrial Economics at Wharton in 1921. That same year he established the Industrial Research Department. From 1933 to 1939 he was Dean of the Wharton School, and President then Executive Director of the National Bureau of Economic Research (NBER). He was Director of Social Science Division at the Rockefeller Foundation from 1939 to 1954. Upon retirement from Rockefeller he went back to the University of Pennsylvania and the NBER.

<sup>5</sup> Anne Bezanson (1881-1980). Born in Nova Scotia (Canada). AB, AM (1915) in economics, Radcliffe College; PhD (1929) in economics at Harvard University and Radcliffe College. From 1903 to 1911 she worked at Gillette Razor Company, as a Department manager. In 1921, she helped Willits start the IRD at Wharton. She was director of this Department from 1929 to 1945. In 1922, she spent a year at the U.S. Coal Commission (with Willits) where she directed studies of earnings of coal miners in the bituminous and anthracite industries. She was made professor in 1929: the first woman to earn tenure at the University of Pennsylvania. In 1939 she joined Willits at the Rockefeller Foundation, as a part-time consultant (where she stayed until 1950). She was President of the Economic History Association (EHA) in 1946.

<sup>6</sup> See RAC-RF, Biography files: Joseph Willits.

industrial expert seriously. From 1913 to 1921, still a Ph.D. student, he served as the vice president of the Philadelphia Association for the Discussion of Employment Problems.

Bezanson also fit this “responsible scientist/problem solver” mold. In a 1922<sup>7</sup> interview on the IRD’s labor turnover study, she emphasized her belief that solutions to the U.S.’ labor problems could be found via systematic scientific research. Provided all parties could agree on the “causes” of labor instability, a solution acceptable to all could be found. Indeed the benefits of such scientific preliminaries were that they generated “facts” everyone could presumably accept. Her faith in science rested on the premise that certain facts would be recognized by all, and would quasi naturally lead to the best solution<sup>8</sup>. Thus the moral commitment to improve social relations and the scientific, empirical means to understand them went hand in hand: one could not solve a problem without understanding it, and one could not understand it without a careful empirical study. In this, Willits and Bezanson were products of the early 1920s: a time of “massive upsurge of optimism concerning the possibilities and social benefits that could flow from a more properly scientific approach to the social sciences.”<sup>9</sup>

### **1.b A society in crisis**

Willits and Bezanson’s relatively optimistic view of their duty and the proper scientific method to fulfill it was the one they carried over to the Rockefeller Foundation (RF), with one important caveat: the experience of the Great Depression and its political consequences in Europe. By the time they acceded to their positions at the RF in 1939, they were concerned with the “state of the world” around them: not only the depression and its grave consequences for social stability but the accompanying “moral” depravity that seemed to have replaced religious faith. This situation called for an even greater work and responsibility on the part of social scientists. As Willits told the RF Board of Trustees in 1940: “If we really wish to understand the consequences of policy or the causes of disaster in social affairs, we must adjust our efforts to the grandeur of the problems (...) It is especially true at a time of historical crisis in the world that we need to re-examine the facts of economic and social causation which led to the crisis.”<sup>10</sup>

By the end of the war, the main object of their worries had moved East to the Soviet Union and the seductive power of its communist rhetoric. Indeed, in a 1947 grant application to the Board on behalf of the NBER, Willits stressed America’s competition with the Soviet system and the importance of understanding economic phenomena as an essential part of this struggle<sup>11</sup>. Thus, as they thought that the world around them was sinking deeper and deeper into misery and oppression, the type of problems they sought for social science grew in scale and importance. The issue was no longer only to alleviate industrial tensions, but to find a justification - one based on “fact” not “fiction”- for defending what they saw as the few remaining liberal societies.

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<sup>7</sup> *The North American*: “U. OF P. INVESTIGATION TO STABILIZE LABOR CONDITIONS: a project to improve employment conditions.” See UPB5.9, IR, Box 1.

<sup>8</sup> This faith in objective science’s ability to solve society’s woes is a central characteristic of the ‘progressive’ viewpoint that permeated American politics in the late 19<sup>th</sup> century the first half of the 20<sup>th</sup> century. The moral and ethical undertones of this perspective will be examined in section 3.c. of this chapter.

<sup>9</sup> Malcolm Rutherford, "Who's Afraid of Arthur Burns: The NBER and the Foundations," *Journal of the History of Economic Thought*, Forthcoming (2005).

<sup>10</sup> RAC-RF, RG 1.1, Series 200 S. Box 396, Folder 4700.

<sup>11</sup> Rutherford, "Who's Afraid of Arthur Burns: The NBER and the Foundations."

Developing this philosophy was no easy task. Indeed, Willits and Bezanson were convinced that social reality was very complex, and that its study was not straightforward<sup>12</sup>. To them, the social scientist was in a perpetual “race against complexity”<sup>13</sup>. Unfortunately as the complexity grew, so did the tendency to subsume it under some messianic scheme, rather than try to struggle with it and comprehend it. In their eyes, all ideologies were based on mistakenly simple visions of socio-economic affairs, and this tendency to trivialize the search of cause and effect in social phenomena was a dangerous one. Thus, as the social and economic situation worsened in the 1930s, Willits and Bezanson increasingly turned to social science, not only as a generator of fact, but also as a weapon against dogma. In 1941, Willits wrote: “We are moving so rapidly into a partisan minded world with research viewed merely as a means of implementing partisan, political or economic objectives, that the vigor and effectiveness of universities as independent research centers would seem necessary links in a long run social policy.”<sup>14</sup>

Willits in particular was quite concerned with the spread of simplistic beliefs. For example, as early as 1922, he wrote Anne Bezanson to decry the blindness of those who ascribed to communist doctrine:

I read a miserable *Labor Monthly*- published in England. Do you know it? It's worse than the *Nation*, because it expects the salvation of the World's woes by means of a destruction of all that's good in the world to date. A change in “control” (presumably to be brought about by wrecking) is to usher in the millennium. Of course it's never said so bluntly, but it's inferred in every sentence. What a comfortable philosophy it is to be able to believe that all our troubles come from a few “bad” people- other people of course. Then, every time trouble arises it is so easy to point out their sins and flaws as the cause of it all. It by inference makes us seem so holy, it makes the problem so simple. All we have to do is to snatch “Control” away from their (?) hands, and the problem is solved. It's a quitter's “philosophy.” Foolish of me to resent such junk so testily, but I'm afraid I'd can it out of the library. (His punctuation)<sup>15</sup>

Such a declamation would tend to place him on the conservative side of the political spectrum. Yet, in 1944, he spoke in similar terms of people who blindly believed in the edicts of self-interest and profit: “a public that desires special pleading, propoganda, and a veneer of scientific rationalization for selfish ends.”<sup>16</sup> Thus, it seemed that Willits' appreciation of various social theories was not so much grounded in his general political disposition, but in a more ontological view of society being complex, hence difficult to comprehend and in his “humanistic” commitment to doing one's best to comprehend it. He and Anne Bezanson shared this outlook for social science.

## 2. The RF and Economic History

### 2.a A roundtable for economic history

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<sup>12</sup> See Letter from Willits to Warren, April 24<sup>th</sup> 1941. RAC-RF, RG 3, Series 910. Box 3, Folder 17.

<sup>13</sup> RAC-RF, RG 3, Series 910. Box 3, Folder 17.

<sup>14</sup> Letter from Willits to Warren, April 24<sup>th</sup> 1941. RAC-RF, RG 3, Series 910. Box 3, Folder 17.

<sup>15</sup> Letter from Willits to Anne Bezanson, pencil, 6-28-22. He wrote from Berkeley where he spent the summer (UPB5.9, IR, Box 1, Folder “administration.” IR history file, 1922-24); the rest of the letter attests to their close friendship, where he mentions numerous personal and mundane details about his family and the faculty with whom he interacts at Berkeley.

<sup>16</sup> RAC-RF, RG 3, Series 910. Box 3, Folder 17.

One of the first projects they launched at the RF was a survey of economic history. Within weeks of her appointment, Bezanson was busy organizing a roundtable on the state and future of the field. Amongst the twelve people present at the September 1940 meeting, seven were economic historians-Harold Innis, Earl J Hamilton, Arthur Cole, EAJ Johnson, Herbert Heaton, Edwin F. Gay and Bezanson- one was an economist-Simon Kuznets - and two were "silent" staff of the RF - Willits and Walter Stewart (Chairman of the Board of Trustees). All of them were friends and colleagues of Willits or Bezanson's<sup>17</sup>. All agreed that economic history was an important field of study.

A few years earlier, in 1937, Earl Hamilton<sup>18</sup> had attempted to mobilize his colleagues by enjoining them to create an association for economic history. He had contacted many of the same people Bezanson later invited to her roundtable session, but his plea had resulted in no concrete action. When Bezanson initiated this same movement (momentum for creating an Economic History Association and for reviving research in the field) her efforts were tremendously successful. By January 1941, a few months after the roundtable meeting, economic history in the U.S. had an entirely new infrastructure: an association, a Social Science Research Council (SSRC) Committee (The Committee for Research in Economic History) and a journal (the *Journal of Economic History*). My work at the RAC convinced me both of the tremendous leverage the RF had for re-defining areas of research and the unquestionable influence Bezanson had in singling out economic history as a potential candidate for RF help. Why she chose this field is a more difficult question to answer.

The Rockefeller roundtable met in September 1940, for the "first ever"<sup>19</sup> meeting of economic historians in the U.S. In preparation for the meeting, Willits and Bezanson had asked Herbert Heaton<sup>20</sup> to write a report on the past and present state of economic history in the U.S. , and suggest lines along which the discipline could be improved. The report presented the picture of an ailing field: one that had stagnated in the past decade and where there was "less than a dozen teachers of senior status giving their whole time to economic history."<sup>21</sup> Oddly, the report entirely avoided addressing the reasons for researching economic history. One only got an inkling of Heaton's position in his dismissal of a certain opportunistic type of history: accusing some economists of turning to history to "see what support [they could] find for [their] favorite theory or what evidence [they could] find for a

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<sup>17</sup> The widest connection was through Harvard. Edwin F. Gay, America's most prominent (though aging) economic historian was Bezanson's thesis advisor. He (or his successor at Harvard, Usher) had also supervised Cole, Earl J Hamilton and EAJ Johnson in their theses on economic history. U Penn and the NBER also featured as connection points: Willits, Bezanson and Kuznets were all members of the U Penn faculty and held positions at the NBER. Bezanson sat on the NBER's Conference on Price, where she worked with Hamilton and Gay. Willits was executive director of the NBER for 6 years.

<sup>18</sup> Earl J. Hamilton (1899-1989). Born in Mississippi, B.S. (1920) Mississippi State College; MA (1924) University of Texas; PhD (1929) Harvard University. His first appointment was at Duke University, in the Economics Department (1927-44). He then held chairs at Northwestern (1947), the University of Chicago (1947-67). He retired as distinguished professor of economic history at the State University of New York. In the early 1930s he lived in Spain, researching price history of the Iberian Peninsula - for the International Price History Committee. Hamilton was the first vice president of the EHA in 1941.

<sup>19</sup> "The first ever to be entered into by economic historians as a group," Letter from Crane to Willits, November 9<sup>th</sup> 1940. RAC-RF. RG 1.1, Series 200S, Box 396, Folder 4700.

<sup>20</sup> Herbert Heaton (1890-1973) was an economic historian of Europe. He was President of the EHA in 1965. See N.B. Harte, "Herbert Heaton, 1890-1973: A Biographical Note and a Bibliography [Obituary]," *Textile History* 5 (1974).

<sup>21</sup> RAC-RF, RG3, Series 910, Box 5, Folder 42. Most scholars in the room shared Heaton's feelings.

new theory.”<sup>22</sup> He seemed to favor a more “inductive” approach, and thus suggested a few topics that could use more thorough research, such as American foreign trade in the 19<sup>th</sup> century, the tariff up to 1860, American corporations, labor conditions or American agriculture. Though these themes revolved around issues of economic prosperity and stability, the ultimate purpose of these inductive studies was not made explicit, at least not in the report.

Minutes of the September 1940 roundtable were equally elusive. There was also a tendency to avoid any discussion of what economic history was, or why one should sponsor it. Though their conversation turned around issues of prosperity and economic success, and the necessity to better understand the past development of the U.S., they never made this goal explicit or specific enough to appear as a research plan. This ostrich behavior was bothersome to at least one participant Simon Kuznets<sup>23</sup>. Towards the end of the daylong reunion he made a brief comment, inviting the participants to ponder the criteria with which they would select projects. Kuznets main complaint was that there seemed to be no overarching framework to make sense of the constellation of historical studies that they were proposing. From their answers to Kuznets’ question one sensed that the economic historians were torn (as a group, but also individually) between being primarily “fact collectors” and moving towards a more interpretative, possibly theoretical role. EAJ Johnson, for example, wanted to promote the economic historian as the ideal government advisor, while Gay repeated the need for more “facts.” This later emphasis was the one finally settled upon: “any attempt at coordinated work in economic history should be designed to promote and encourage monographic research.”<sup>24</sup>

The outcome of this roundtable was a report (drafted by Heaton, Cole and Johnson) and a grant application for funds to make possible this further fact collection. The general area to be researched was the experience and development of the American nation - but aside from four possible areas of research<sup>25</sup>, there was no indication as to which venues they would chose to get at the heart of American economic development. The application was successful. On December 3<sup>rd</sup> 1940, the Rockefeller Foundation awarded the Committee on Research in Economic History \$300,000 to be spent in a period of 4 to 5 years (starting February 1<sup>st</sup> 1941). The money was officially transferred to the SSRC, as the economic historians were expected to organize under this Institution’s tutelage (which was only nominal). This was a large grant. In 1940 Willits’ division awarded \$1.5 million dollars (approximately 15% of the Foundation’s total grants for the year). The Committee’s grant thus represented 20% of the Social Science Division’s 1940 commitments<sup>26</sup>. In light of the

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<sup>22</sup> RAC-RF, RG3, Series 910, Box 5, Folder 42

<sup>23</sup> Simon Kuznets (1901-1985). Born in Ukraine. Left the Soviet Union in the 1920s, and moved to the U.S., where he studied with Mitchell at Columbia. Was affiliated to the NBER for his entire professional career. Was awarded the 3<sup>rd</sup> Nobel prize in economics in 1971. He pioneered the use of national income accounts as a tool to study economic growth, in a decade long comparative, quantitative study of retrospective national accounts. The Nobel committee described his work as: “empirically founded interpretation of economic growth which has led to new and deepened insight into economic and social structure and process of development.” See Mark Perlman Vibha Kapuria-Foreman, "An Economic Historian's Economist: Remembering Simon Kuznets," *The Economic Journal* 105 (1995). Robert Fogel, "Simon S. Kuznets," *National Bureau of Economic Research Working Paper* (2000).

<sup>24</sup> RAC-RF, RG 3, Series 910, Box 5, Folder 42.

<sup>25</sup> 1) Studies of individual businesses and industries; 2) compilation of economic annals; 3) encourage local economic history and 4) study “authority in American economic life”.

<sup>26</sup> This money was transferred in one lump sum to the SSRC- whose director was responsible for dispensing it to the Committee, on a yearly basis.

relatively *ad hoc* nature of the application (which had been pointed out by Kuznets during the meeting and in a subsequent confidential memo to Willits) the Rockefeller grant seemed odd. What did Willits and Bezanson see behind the application? Such an important grant did not come without a vision consistent with their dispositions outlined in the previous section. What might have been the reasons underlying their feeling that economic history was a vital field to encourage?

## 2.b No Apparent Direction

As mentioned above, the most striking feature of the September 1940 round table and subsequent grant application was its apparent lack of unifying, specific research agenda. There seemed to be elements of a vision, but it lacked a precise plan as to the order, or even the outcome of the research. Kuznets had immediately pointed out these lacunae, yet RF had nonetheless awarded the grant. The Committee operated for a decade without much of a statement of purpose. In these years, it explored at least ten different fields of research. Amongst them were: the history of enterprise and business, the history of authoritarianism, the history of banking, the history of labor, the history of economic ideas, the history of state and federal policies, the history of entrepreneurship, as well as the organization and preservation of archival material. Within these rather large areas of research the Committee would choose specific projects as they came. For example the idea to study the history of banking in the U.S. was proposed within a few months of the Committee's creation, but the actual projects they sponsored depended on the people they found. Thus they financed studies of both local and federal banks, both qualitative and quantitative projects and studies focusing on many different time periods. There was no effort to encourage their grantees to work together, or even correspond, and minutes of the Committee meetings revealed no discussions on ways in which these projects would ultimately fit into the goal they had originally outlined: "the effort to learn more adequately about the actual operation of banks and banking systems in the period before the first world war as a necessary basis for the valuation of governmental policies towards banking."<sup>27</sup>

All these projects took longer to complete than initially estimated and the links from one area of research to the other were rather obscure. This eclecticism was frustrating to many, in particular to two scholars on the Committee: Simon Kuznets and Robert Warren<sup>28</sup>. In 1942, a year into his appointment to the Committee, Kuznets tried to resign. He was prevented from doing so until the end of the war, as Willits feared he could not find suitable replacement until then. Kuznets "compromised" by attending very few of the Committee's meetings. On the contrary, Robert Warren, an economist at Princeton, was very assiduous in his participation; yet, when time came (1945) to consider the Committee's application for an extension he shared his doubts with Willits<sup>29</sup>. He worried that there really was no such field as economic history, and that the Committee wasted a lot of time "scouting" for talent that was just not there<sup>30</sup>. He also wondered if there really was a justification for maintaining this

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<sup>27</sup> RAC-RF, RG 1.1, Series 200S, Box 396, Folder 4700.

<sup>28</sup> From *Who's Who in America*, (Chicago, IL, 1943). Warren, Robert, B. (1891-1957); 1916, A.M, Harvard; Instructor Robert College, Constantinople, Turkey (1912-15); Associate Editor American City Magazine (1920-21); Economist, division of research, Fed. Reserve. Board (1922-26); Economist, foreign department, Fed Reserve Bank of New York (1926-27); economist and vice president, Case Pomeroy and Co. (1928-38); Professor of Economics, Institute for Advanced Study, Princeton, N.J. (starting 1939); Captain of infantry, US Reserve (1917-1919).

<sup>29</sup> He and Willits were very good friends, see below.

<sup>30</sup> Thus confirming the bleak picture Heaton had painted of the field in the U.S.!

field separate from economics, and if they were not simply further encouraging the balkanization of social sciences<sup>31</sup>.

## 2.c Patching up holes

In spite of these recurrent doubts and critiques, Willits and Bezanson upheld their support and funding for the Committee. When in 1945, it applied for a 5-year extension<sup>32</sup> Willits and Bezanson approved it. To do so, they had to fill in the holes that members of the Committee left both in their application and in their response to critics. Bezanson, in particular, seems to have taken it upon herself to be the Committee's spokesperson and shadow defendant. Though she was not a member of the Committee, she attended every meeting and reported back to Willits<sup>33</sup>. When criticisms of the Committee's activities reached Willits' desk he would forward them to her, and ask for her opinion. Though, at times, she agreed with the specifics of the complaint, she always placed it in a larger framework, thus minimizing it. For example, in 1944, she wrote Willits in response to criticisms he had received from both Robert Crane (director of SSRC) and Robert Warren, defending the Committee's work with the following words: "Unless one starts with a concept of what the Economic Historians are trying to achieve I do not see a way of judging their work. Their problem is ... better ways of framing the questions to be answered and an understanding of the processes in North American development and its peculiar contribution to the development of Western Civilization."<sup>34</sup>

From this perspective, she could weave their apparently eclectic portfolio of research topics into a well-thought-out strategy:

They chose as outstanding both in American development and in lack of study, the historical relation of government to business. As soon as the area was considered it was clear that some division of labor had to be devised. It was possible that the U.S. had a different development than European states because it started with different beliefs; therefore a study was started of the thinking of the first decade of national existence of the role of government at the Federal level. Once this study is done, other periods are to be explored...<sup>35</sup>

According to her, before looking at the specifics of economic development, one needed to survey the various types of ideas and policies introduced in America's early years - and trace their impact on everyday economic activity. Once the nature and influence of these beliefs had been understood, one could look at the actual mechanics of business and growth. With such a clear statement of purpose, she could weed out all specific critiques and secure the Committee's further funding. It is significant to notice that no Committee member had ever formulated such a clear presentation of their larger agenda (though they had been pressed to do so by Kuznets and others on many occasions) and that their application for extension contained no such statement. It would

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<sup>31</sup> Letter from Warren to Willits, May 7<sup>th</sup> 1945. RAC-RF, RG 1.1, Series 200 S, Box 397, Folder 4705.

<sup>32</sup> In doing so they were not applying for more money, but rather for an extension of the allowed time period in which to spend the 1941 funds. In principle the Foundation did not approve of 'run on' grants - as recipients were supposed to spend the totality of their grant in the initial time period agree upon.

<sup>33</sup> For an example of her reports, see March 1945, RAC-RF, RG 1.1, Series 200 S. Box 397, Folder 4705.

<sup>34</sup>RAC-RF, RG 1.1, Series 200 S. Box 397, Folder 4704.

<sup>35</sup>RAC-RF, RG 1.1, Series 200 S. Box 397, Folder 4704.



thus seem that Bezanson's answers were not only instrumental in marginalizing the critiques of well-esteemed economists, but also practically put words into the Committee's mouth.

Willits seemed to trust Bezanson's judgment and play much of the same buffer role<sup>36</sup>. For example, in 1944 he defended economic history before Raymond Fosdick, the RF's president. To silence the latter's worries that nothing concrete was coming out of this grant, Willits cited a request from a major railway corporation for "scholars who would be competent on what had happened after the Napoleonic wars in England and after the defeat of the Spanish Armada?"<sup>37</sup> Naturally, Willits had referred him to the economic historians sitting on the Committee. This seemed to have been a fortunate example, as the grant papers held at the Rockefeller Archive Center reveal few other such concrete uses of the Committee's work or personnel.

### 3. Good Social Science

#### 3.a. To change economics

The contrast between the Committee's lack of a specific research plan and Bezanson and Willits' passionate support of their work only makes sense when you situate both in a larger vision for social science, in particular for economics. Most of the participants in the September 1940 meeting had a very clear vision of what economics ought *not* to be. This vision could be gleaned from the casual remarks they made in letters and reports. In general they shared a suspicion of theoretical, which they equated with abstract and speculative, economics. In 1941, Harold Innis,<sup>38</sup> a Canadian economic historian at the University of Toronto, wrote to Joseph Willits:

"It was good of you to write to say that funds have been made available to support this project we had in mind, you are to be congratulated in bringing to a successful conclusion a most promising venture. It raises ones' hopes that a sense of balance can yet be given to the social sciences and that a corrective can be introduced in the bias of mathematics which has begun to blight the subject."<sup>39</sup>

Thus the economic history grant was immediately couched in a broader context: the struggle for defining "good" social science. In alluding to the "bias of mathematics" Innis may have been referring to a feeling shared by many economists of the interwar period: a

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<sup>36</sup>I am not the first to point to the importance officers of the Rockefeller Foundation had in shaping and protecting certain groups of economists in the interwar era. Rutherford has made a similar argument about Willits and the fortunes of the NBER. See Rutherford, "Who's Afraid of Arthur Burns: The NBER and the Foundations."

<sup>37</sup> RAC-RF, RG3, Series 910, Box 10, Folder 85.

<sup>38</sup> Harold Innis (1894-1952); Born in New Brunswick, Canada to a Baptist family. He grew up on a farm though his parents chose a teacher's career for him. This put him on an educational path that eventually led to University in Toronto. During WWI he enrolled in the Canadian army and was injured in France. He then moved to Chicago to start his Ph.D. in economics at the University of Chicago- where, under the guidance of Chester W. Wright, he wrote a thesis on the history of the Canadian railroad (subsequently published as the *History of the Canadian Pacific Railway* in 1923, see Harold Innis, *A history of the Canada Pacific Railway; with a foreword by Peter George* (Toronto, 1971).); an "economic" approach to history that would define most of his subsequent work (the analysis of the relationship between trade, communication networks and Canadian economic development). In 1919, he joined the faculty at the University of Toronto where he stayed until his death. In 1934 he joined the economic commission of Nova Scotia. In 1940 he helped found the Canadian Social Science Research Council. He died of cancer in 1952.

<sup>39</sup> Letter from Harold Innis to Joseph Willits, December 19<sup>th</sup> 1940; RAC-RF, RG 1.1, Series 200 S. Box 396, Folder 4700.

feeling that had come to serve as the defining feature for the loose group of North American economists called “Institutionalists.”<sup>40</sup> To caricature, American Institutionalists were economists who were dissatisfied with neoclassical economics.<sup>41</sup> Their main complaint was the essentially useless nature of most speculative “library” based work - as it limited the types of questions and answers one could tackle, and was thus sub-scientific.

While it is useful to place these economic historians in the context of Institutionalist discontent and battle with neoclassical economists, it seemed that the opponents (often straw men who were never named) were of a more specific kind than just general neoclassicals. Indeed they had many harsh words for a certain type of “technical economist.” For example, in a 1940 speech to the Rockefeller Foundation Board of Trustees, Willits reminded them that: “Too many members of the present generation of economists are statistical mechanics and not social scientists.” In 1942, Robert Warren (the same Warren whom Willits had asked to sit on the economic history Committee) and Willits shared their concerns about the type of people hired by Washington during the war. They worried that the quasi-obsessional focus on numbers and data would create statistical experts too ignorant of the larger context to make adequate social scientists. Warren compared this to “numerology,” while Willits called it a “Delphian Craft.”

Warren: “figures assembled from whatever source derived by persons who had no idea of their meaning; and put into elaborate combinations by persons whose sole knowledge is the mechanics of such combinations, and then presented to public and responsible officials as basic elements of decision”<sup>42</sup>.

Willits: “That which was merely one tool for understanding human behavior became a closed system of Delphian mechanics out of which all answers could be obtained.”<sup>43</sup>

Willits et al. often referred to this “overly technical” nemesis as a negative space from which to define good economics. In a 1942 letter to Warren, Willits argued in favor of: “research preferably that does not consist merely of jiu-jitsu with symbols of symbols of reality, but has such relation to a modest reality that the results of research may always be checked against it.”<sup>44</sup>

Who were these martial artists, numerologists and Delphian oracles? They seemed to be more than neoclassical economists *a la* Frank Knight. Perhaps econometricians would be a better label: scholars like those who were just appearing at the Cowles Commission<sup>45</sup> and who started with mathematical models and verified them with available data, rather than contribute to the painstaking collection of this data. Indeed, close ties between Willits and the National Bureau of Economic Research (NBER) suggested that he was not adverse to the collection of quantitative data, provided it retained some connection to “reality.”

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<sup>40</sup> See Malcolm Rutherford, *Institutions in Economics, Historical Perspectives on Modern Economics* (Cambridge, 1996).

<sup>41</sup> The term “neoclassical” may have been used by American economists starting in the early 20<sup>th</sup> century, but its recurrent use throughout the interwar period should not lead us to forget that it was a moving target: neoclassical economics was changing, which is not necessarily obvious to all modern readers, as most neoclassical economists were committed to mathematical expression, thus providing the appearance of identity and continuity.

<sup>42</sup> Ibid

<sup>43</sup> Letter from Willits to Warren: August 24<sup>th</sup>, 1942; RAC-RF, RG 3, Series 910. Box 3. Folder 17.

<sup>44</sup> Letter from Willits to Warren, August 24<sup>th</sup> 1942, RAC-RF, RG 2, Series 910. Box 3, Folder 17.

<sup>45</sup> See Mary Morgan, *The History of Econometric Ideas* (Cambridge, 1990).

These reflections on what constituted “good and bad” economics were not pure methodological musings. They actually reflected a growing malaise in the consuming public’s<sup>46</sup> perception of the role and use of economic research. In 1941, Warren wrote Willits from Washington D.C. to tell him of his disappointment with the profession as a whole: “the disparity between expenditure and product is so scandalous that the most temperate language fails to do it justice.”<sup>47</sup> At the RF, the social sciences were losing favor<sup>48</sup> and Willits’ appointment could be interpreted as a last chance for economics to prove its value. As Rutherford has shown, Willits certainly had to struggle with the foundation’s president to secure a reasonable financial commitment for the social sciences .

Overall, Bezanson, Cole, Gay, Innis, Hamilton, Heaton and other economic historians sitting on the Committee for Research in Economic History were social scientists striving to practice economics as they saw fit: a vision that coincided with Willits’ and that of many American Institutional economist of the time<sup>49</sup>. Yet, while there certainly was an essential fit between the Institutional view of “good” economics and the perspective that Willits, Bezanson and the economic historians wanted to push, their worry that economics had become “too technical” (and not just too abstract) hinted at the differences that led them to consider fostering a new, separate field. It seemed that while they shared the Institutionalists’ emphasis on empirical work, they were keener on starting to develop U.S. ble generalizations: tools for evaluation and policy advice, tools for the responsible economist.

### 3.b The need for evaluation

While Willits certainly was sympathetic to the NBER’s agenda and its emphasis on detailed empirical work as a preliminary to any broad generalizations about how the economy worked, he was probably more sensitive than a Mitchell or a Burns (directors of the NBER) to the need of formulating general principles. The quantities of data amassed by the NBER were laying the foundations for a skeleton on which an explanation, principles and perhaps a theory could be built. However, this second step would require putting some flesh on the bones. As was mentioned in the 1941 economic history grant resolution, it was time to supply “some of the perspective lacking in recent statistical work.”<sup>50</sup>

This sentence revealed the deep concern Willits had for the uses to which would be put the products of the NBER’s huge statistical endeavor. This anxiety surfaced in his private correspondence with the economist Robert Warren. As mentioned earlier, while the latter was in Washington, he wrote Willits about scores of young men trained as experts and technicians, but with very little wisdom or sense of perspective. According to Warren, without this perspective “this capacity to see the whole thing, or at least some capacity to realize there is a whole thing”<sup>51</sup> they were useless. Willits agreed with his friend’s verdict:

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<sup>46</sup> I use this term to refer to people who relied on economists’ studies and advice for decision making (Government employees in Washington, but also heads of Foundations and Institutes who evaluated economists work in order to decide the merits of funding it).

<sup>47</sup> Letter from Warren to Willits, January 28th 1941, RAC-RF, RG 2, Series 910. Box 3, Folder 17.

<sup>48</sup> See Earlene Craver, "Patronage and the Direction of Research in Economics: the Rockefeller Foundation in Europe, 1924-1938," *Minerva* 24 (1986).

<sup>49</sup> Rutherford broadly defines the Institutional approach as being investigative and empirical- though he insists that these practitioners did not constitute a self-conscious school.

<sup>50</sup> Quoted from Grant Resolution (RF 40166), RAC-RF, RG 1.1, Series 200 S. Box 396, Folder 4700.

<sup>51</sup> Letter from Warren to Willits: August 7<sup>th</sup>, 1942; RAC-RF, RG 3, Series 910. Box 3. Folder 17.

“And I agree that- along with technical ability - the ability to see the whole (and not only of economic theory either) and integrity are essential cores of a socially satisfactory training.”<sup>52</sup>

Such degeneration of the economists’ knowledge was worrisome: there was a danger that “our fields which began as moral philosophy should end up at the dead end of specialization”<sup>53</sup>. With specialization came the risk of simplification - hence failing to acknowledge the complexity of human affairs. Indeed, Willits blamed overly technical and mathematical economics for having failed in the struggle against dogma:

“Where cause and effect are so far removed, and where the difficulty in checking claimed fact against claimed fact is so great, greater technical competence is very important. But a sense of the whole and some ability to see it; a feel for history and humanist values, some experience of life and the carrying of real risks; integrity, modesty and objectivity are fundamental. Or to put it another way, to be a good social scientist today requires more exacting mental and moral qualities... than was true 30 years ago.”<sup>54</sup>

According to him, by drifting in this a-humanistic, mathematical direction, economics had departed from an explanation of reality that could contend with messianic dogma, a task he became increasingly concerned with as he perceived the international situation to worsen.

#### **4. Economic history: a good fit**

Economic history, as Willits et al. conceived it, had the potential to be a science worthy of the complexity of society. Also, it could remedy to the absence of a general philosophy for the U.S. Hence they focused on *American* (and not World or European) economic history. Indeed, they were looking for a “story” that could be told about the development of the American free, prosperous world. Given these three requirements (to proceed empirically, to start generalizing and to provide a philosophy), economic history seemed a good candidate for Willits, who in 1939 was given the opportunity to bring about his reform and thus rescue economics.

##### **4.a Empirical:**

As evidenced in their ties to scholars of the Institutional vein, Willits, Bezanson and the economic historians believed that scientific economics had to be empirical and inductive. “Facts” had to be collected to the point where the investigator felt confident enough about his description of the phenomenon to venture into generalizations. This was a necessary condition for any “realistic” work. At the NBER, “facts” were predominantly quantitative: data points on the population, consumption, interest rates, tariffs, levels of imports, supply of housing etc. of a particular year, quarter, month. But Institutional economist also agreed that facts could be of a more qualitative nature: description of beliefs, laws, policies, technologies, international events and their evolution over time. In so far as economic historians served as collectors of such qualitative information, their work was empirical.

But it was also empirical in another sense: it wasn’t just about collecting information, it was also about providing a forum for experiment. For economic historians, the past was a laboratory where one could test hypotheses: “since in the social field we can’t try laboratory

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<sup>52</sup> Letter from Willits to Warren: August 24<sup>th</sup>, 1942; RAC-RF, RG 3, Series 910. Box 3. Folder 17.

<sup>53</sup> RAC-RF, RG 3, Series 910. Box 3. Folder 17.

<sup>54</sup> Letter from Willits to Warren, August 24<sup>th</sup> 1942. RAC-RF, RG 3, Series 910. Box 3, Folder 17.

experiments, and must test our ideas against the backdrop of experience.”<sup>55</sup> This association of the past with a lab was probably not an innocent one. Indeed, in the early 1940s, econometricians at Cowles were presenting their work as a form of experimentation for economics<sup>56</sup> - a forum that Willits disapproved of.<sup>57</sup> Thus in his opinion, the economic historians were proposing a better because more realistic lab.

If economic historians were to be testers of hypotheses, they would need a source for these hypotheses. As mentioned earlier, Willits et al. were quite suspicious of those formulated *ex nihilo*, in some abstract, speculative way. Rather, the type of hypotheses they were looking for were more organic, generated from a careful examination of the quantitative and qualitative facts that the first stage of empirical investigation had yielded. Hence, economic history would generate, test and refine its own hypotheses - using qualitative and quantitative “facts” obtained in the first step of research. Such a process was empirical at all stages hence, in their minds, scientific.

#### **4.b Multidisciplinary and Interpretative:**

In addition to being empirical, “good” economics had to be multidisciplinary. Indeed, the complexity of social affairs could not be apprehended without attention to several different complementary perspectives. Thus, the hypotheses had to reflect several levels of analysis: social, political, international, psychological not just economic. Only then could the interpretations and generalizations be of any use. Here again, economic history as advocated by Bezanson et al. seemed to fit the bill. Indeed it provided the opportunity for detailed analysis of political, economic, ideological, technological, social phenomena and their interplay. Moreover, there was something comforting about a past event whose numerous complex consequences had already been played out and could thus be traced. The composition of the Committee and its grantees reflected this commitment to pluralism: Warren and Kuznets were economists; Cole, Heaton and Hamilton were economic historians; Johnson, Handlin and Hartz were historians. In 1945 they appointed new members, one of whom (Leland Jenks) was a sociologist. The fact that these men could communicate with each other, and work together also reminds us that disciplines were not as hermetic as they are today, and that labels such as “economist,” “historian” or “sociologist” are not fixed, a-historical entities.

This complementarity of approaches was also supposed to guarantee the essentially analytical (and not merely descriptive) nature of their work – which was first and foremost a form of economics, not history. Cole expresses the difference between these two fields when critically assessing his colleague H. Heaton’s work, in a letter to Anne Bezanson: “Heaton does not have very good critical sense. He is enthusiastic about whatever is in front of him and as you yourself suggest in your letter, he has the frequent defect of the historian. He does not have much theory to guide him.”<sup>58</sup> Cole did not think of himself as a pure empiricist, but rather as a scientific investigator committed to the establishment of usable overarching principles.

#### **4.c An American philosophy**

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<sup>55</sup> Letter from Willits to Warren: February 27th, 1942; RAC-RF, RG 3, Series 910. Box 3. Folder 17.

<sup>56</sup> See Morgan, *The History of Econometric Ideas*.

<sup>57</sup> See P. Mirowski, *Machine Dreams: Economics Becomes a Cyborg Science* (Cambridge, 2002).

<sup>58</sup> Letter from A. Cole to A. Bezanson, January 25<sup>th</sup> 1941; RAC-RF, RG 1.1, Series 200 S. Box 396, Folder 4700.

Willits spoke openly of the connection between “good” social science and a “good” society. In a 1940 meeting with the Rockefeller Foundation Board of Trustees he said:

“If the United States is to be the center of the liberal democratic culture and development, it would seem to be important to know thoroughly and realistically the story of our own economic development- the development of the most modern industrial nation in the world and the one which exerts the greatest economic force of all.”<sup>59</sup>

The study of *American* economic history thus appealed to him on several levels: it was a scientific approach to understanding development, but it was also going to generate the “story” the U.S. so urgently needed for itself and to explain its position in an increasingly polarized world. Of course, the type of story Willits was looking for was not any story it was one that would square with his essentially liberal ideas<sup>60</sup>. Thus, studying the evolution of a country that had consistently attempted to function along these liberal principles might yield clues to a scientific account of why it worked, and why it was best.

The initial focus on American economic history quickly evolved to a narrower stance: the study of the entrepreneurial agent and his role in bringing about growth, freedom and prosperity. Arthur Cole originally introduced the theme<sup>61</sup>, but Bezanson grasped its potential immediately. He wrote her in 1943, with a draft of his first report on the importance of studying the entrepreneur. She wrote back with pages and pages of comments. Some of these reflected her thrill at envisaging the results such a study could yield:

“You are confronted with an economic development, especially an industrial and economic development, which was the marvel of the known world. Was it made possible by reason of lack of restrictions both governmental and customary or was there any special stimulus to creativity evident in our entrepreneurial group? ... Did we gain from being latecomers, by not having the rigidities of the older economies?

It is easy for a European to point to our resources and in this way dispose of the problem of creativity. He plain can't do it in textiles, agriculture, or in metals, and you are right in saying that the economist must find something besides profit to explain the role of the American enterpriser. In the case of textiles we did not even have the raw material- we had a few scraggly sheep, some feeble attempts to produce flax and silk, and no cotton. The only thing American businessmen had before them at the end of the Revolution was a few

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<sup>59</sup> RAC-RF, RG 1.1, Series 200 S. Box 396, Folder 4700.

<sup>60</sup> These are well described in the following quote: “I believe that the necessary degree of effective economic interdependence (I dislike the word unity, it implies in advance a totalitarian unity) can be achieved without bondage being necessary or preferable to the individual. My prejudice is in favor of any organization - family, state or church - which distributes responsibility as widely as possible. I don't think it is merely a yearning for the return of conditions out of which grew the best features of traditional liberalism. It is a yearning for ability to manage modern, interdependent, large units, large group society and ourselves in that society - without the declaration of a spiritual and political receivership. Is this baying at the moon?” Letter from Willits to Warren, August 24<sup>th</sup> 1942. RAC-RF, RG 3, Series 910, Box 3, Folder 17.

<sup>61</sup> Arthur H. Cole (1889-1980), born Massachusetts, A.M. (1913), PhD (1916) Harvard. Served in WW1 from 1917-1919. Was instructor of economics at Harvard from 1916-17 and 1920-23. Became professor of business economics in 1933 (a post he held until 1962). Simultaneously held appointment as the curator of the Baker Library (1928-31) and Librarian (1932-56). Was secretary to the International Committee on Price History (where he worked with Gay, Hamilton and Bezanson). Chairman of the SSRC Committee for Research in Economic History (1941-54). Director of Research at the Center in Entrepreneurial History from 1948-59.

cotton plants brought in from the West Indies, the knowledge that we could not clothe ourselves, and the thud of a machine process in Great Britain. Somewhere in the development we hit upon a different division of labor than they used in Britain. Surely such an innovation can be explained.”<sup>62</sup>

In her hastily drafted comments, one reads the excitement at having identified both a fruitful research avenue and one that corresponded nicely to this American creed she and Willits were searching for. Indeed, Willits quickly recognized it as such. In a 1948 memo to Fosdick, the RF’s president, he wrote:

“I think that one of the most significant things that has come out of the Committee on Economic History has been the emphasis upon and approach to the study of entrepreneurship which is unique. The thought that appears over and over again in one form or another is the lack of a philosophy about our society as a whole - political, economic and social - which characterizes our people. We have no clearly thought out and articulate scale of values that fits our society, although the Fascists, the Communists, the Nazis and the Socialists all pretend to have one. It’s much more complicated than just sitting down and writing a statement about the American way.”<sup>63</sup>

In light of both her and Willits’ interests in this project, Bezanson encouraged Cole to develop it and use the Committee as a springboard for it. When it became clear that this was not an efficient forum for such a project, she backed his decision to create an independent Center for Entrepreneurial History at Harvard. Cole managed to garner enough interest to set up a temporary center in 1948<sup>64</sup> and started soliciting Rockefeller help shortly thereafter. In 1952 he obtained a grant of \$150,000 for 5 years<sup>65</sup>. By 1957, Rockefeller had awarded \$219,000 to the Center. This represented a shift in Willits and Bezanson’s alliances from the Committee to Cole’s Center. Indeed, in 1950, the Foundation had declined the Committee for Research in Economic History’s grant for another 5-year term. The field of “good economics” had just shifted from American economic history at large to entrepreneurial history at Harvard!

The study of the entrepreneur was not just one of many themes one could investigate: it was the unifying, umbrella theme, under which issues of change, growth, development and economic order could all be subsumed. Ultimately, it would be a theory, in the sense of a coherent, comprehensive way of understanding and controlling the economic world. As Arthur Cole made explicit in the late 1950s:

“Economic historians [must achieve] somehow the reputation of being theorists. I am sticking out my own neck in my new book; the final chapter is an attempt to state a theory

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<sup>62</sup> Letter From Bezanson to Cole, July 26<sup>th</sup> 1943. RAC-RF, RG 1.1, Series 200, Box 396, Folder 4702.

<sup>63</sup> RAC-RF, RG 11, Series 200 S, Box 397, Folder 4708.

<sup>64</sup> According to Cole, the Center was informally started as the “East Coast Institute of Entrepreneurial History,” as a result of his 1947 Presidential Address to the EHA. It was then officially ‘chartered’ in September 1948. The first regular senior members were Thomas Cochran, Arthur Cole, Leland Jenks and Joseph Schumpeter. The first regular junior members were: Hugh Aitken, Wingfield Chamberlain, Harold Passer, Father Adrien Taymans and Richard Wohl (all of whom were Ph.D. students).

<sup>65</sup> By 1952, the total expenditure for the Division of Social Science had increased three-fold (in nominal terms) since the early 40s - so \$150,000 only represented 3% of the total commitments for 1952. In real terms, this was indeed a much smaller grant, and it served to sponsor many fewer scholars, though the Center led a vibrant first decade. See Cristel De Rouvray, “Economists Writing History: Economic History in the Mid 20th century” (London School of Economics, 2005).

of economic development in terms of entrepreneurial capacities. [They] should be required to isolate themselves for six months or a year, draw on what other talent they can tap, and [get] to the task of formulating a theory or some theories of economic development from the known facts of economic development from the Babylonians down.”<sup>66</sup>

Somewhat ironically, the pressures to generate this quasi-messianic framework weighed on the supposedly empirical method. Critics started pointing at the very speculative nature of the work that came out of the Center. In 1954, Willits’s successor (DeVinney) interviewed a young British graduate student, who had spent a year with Cole at Harvard. The latter said he thought that the scholars were too willing to play around with ideas, and not enough facts:

“He illustrate[d] his point by referring to an entertaining paper presented by a young historian from Yale that economic development in the US during the past century depended in large degree on the over-optimism of the entrepreneurs... It turned out that this was merely an idea that this young man dreamed up and a very lively discussion went on for a considerable period of time entirely on theoretical and hypothetical grounds”<sup>67</sup>.

The student contrasted this with the situation in Britain, where people did not stray so far away from evidence<sup>68</sup>. If one recalls the Rockefeller Foundation’s insistence on funding scientific, investigative and interpretative studies, it might not come as a huge surprise that DeVinney did not renew the Center’s grant. In 1956, he turned down an application for a 6-year renewal<sup>69</sup>.

It thus took a change in the directorship of Social Sciences at the RF to bring an end to the continuous funding of economic history. If one views Cole’s grant in the lineage of the original 1941 Committee grant, economic historians benefited from 15 uninterrupted years of funding. The transfer of focus from economic history as a whole to entrepreneurship is an important switch, one that only really makes sense in the context of this American creed that Willits so persistently sought. The choice of the entrepreneur to ground this creed could seem ironic, considering the vilification of the “robber baron” that had so captured the American imagination in the late 20s and 30s. Yet, by the late 1940s, the status of business people was perhaps not so clearly black or white. Indeed the success of the war, a businessman’s war,<sup>70</sup> had much contributed to altering such stereotypes in the American psyche and in this, Cole’s center was representative of a much wider cult of business and free commercial activity<sup>71</sup>, which Ayn Rand’s early 1950s writings forcefully convey (*Atlas Shrugged*). However, unlike Rand, the economic historians were not unaware of the problematic relationship between entrepreneurial spirit and national wealth. Indeed, a

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<sup>66</sup> Arthur Cole in a Memo to the Sub-Committee on Future Policies to the Trustees of the Committee on Research in Economic History, 1959. Hagley, Accession 1479, Folder 99.

<sup>67</sup> From L de Vinney diary, December 9<sup>th</sup> 1954- in RAC-RF, RG 1.2, Series 200S. Box 514, Folder 4386.

<sup>68</sup> When one compares such critiques of the Entrepreneurial history agenda to criticisms of the cliometric agenda some 15 years later, and notices the similarity between these complaints, one starts to get a better handle on the issues that divided economic historians in the mid 60s. The clue is that they were all social scientists- rather than historians v. economists as they labeled each other.

<sup>69</sup> RAC-RF, RG 1.2, Series 200S. Box 514, Folder 4387.

<sup>70</sup> See Claudia Goldin, "The War," in *Encyclopedia of American Economic History*, ed. Glenn Porter (New York, 1980).

<sup>71</sup> The immediate post-war saw, for example, the multiplication of schools of business administration.



1942 memo from the Industrial Research Department (where Anne Bezanson was still Director) states:

It is pretty generally taken for granted that it is America's productive machine that is going to win the war. And yet this same machine stalled badly during the Great Depression of the 30s. How to make our industrial system function effectively after the war promises to be the most discussed issue of our time. Prominent in this controversy is sure to be the role of private enterprise in our economy. If wise decisions are to be made, we need to know the part that industrial business enterprise has played and is playing in our industrial development.<sup>72</sup>

This faith in entrepreneurship was also slightly ironic viewed from the personal perspective of people like Willits and Bezanson - scholars whose youth had been dedicated to the study of working conditions and means of improving it. While their philanthropic impetus had probably grown from their respective Christian faiths rather than any form of leftist commitment, their earlier topics of study were of a very different kind. They moved from studying anonymous workers and their environment to nearly exalting "exceptional individuals" and their role in creating American prosperity (the issue of distribution was no longer in the foray). Their enthusiastic embrace of entrepreneurship as the basis for America's domestic and international creed was a manifestation of the general movement from left to right undergone by many American intellectuals in the 1930s, economists in particular -- and this without the help of McCarthyism. Such a transition, at least for the economic historians, was undoubtedly favored by the nature of their financial backer -- if Bezanson and Willits had stressed the importance of the entrepreneurial research in their reports to Fosdick and the RF Board, it was quite certainly because they expected it would appeal to them.

## Conclusion

What were the factors that pushed Bezanson and Willits to single out economic history as *the* forum for "good" economics? Economic history was certainly not the only way to conduct empirical, interpretative social science. Indeed, the work pursued at the Wharton IRD embodied other means to practice "good" social science; ways that relied on the observation of contemporary problems and phenomena (like absenteeism in Philadelphia factories) rather than on the re-creation of 18<sup>th</sup> and 19<sup>th</sup> century ones. It is important to note that they never questioned the possibility of describing the past objectively, as if in their minds, historical realities were unproblematic<sup>73</sup>. Nowhere in their correspondences, memos or applications does one read any doubts as to the existence of a tangible past reality. Quite the contrary, it would seem that they were persuaded of the "common sensical" nature of their endeavor. They couldn't understand how a country that had so obviously succeeded in its economic and social development had not put in the time or resources to understand how it had managed this success. In a world in crisis, where poverty and depression seemed to carry the darkest consequences, the pressures to understand the sources of prosperity were very high. The prospect of finding an account for these sources, these "causes" of growth in the "past" of the one nation that had "made it"(and here they tended to see the

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<sup>72</sup> UPA, Box 1, Folder 24.

<sup>73</sup> For most historians, the issue of whether or not there exists such a thing as an 'objective' past, or even the possibility of one, is a question they have to wrestle with, sooner or later. See Peter Novick, *That Noble Dream: the "objectivity question" and the American historical profession*, Ideas in Context (Cambridge., 1988).

Depression as an anomaly rather than an endemic trait of American society) seemed favorable, and the proposition seemed obvious.

Willits, Bezanson and the economic historians leveraged this common sense to turn economic history into the type of economics they longed for. In doing so they were all attempting to create a space, a forum, perhaps even a profession, where economics could be done differently<sup>74</sup>. In many ways they were pushing the Institutional, empirical framework, as opposed to the deductive and mathematical one. In others, they were departing from the Institutional/NBER agenda, wanting to begin the interpretation and generalization that scholars like Mitchell had been promising for nearly two decades. In arguing for this departure they were balancing several levels of concern: a concern for scientific method, a concern for policy relevance and a concern for worldwide order and harmony. These three factors, at times in tension and in contradiction with each other, found a temporary marriage in the study of *American* economic history, then entrepreneurial history: an empirical discipline, which promised to generate a new ideology for the crisis-stricken West.

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<sup>74</sup> Perhaps the most concise 'proof' of their intention to do economics differently is Cole's January 2<sup>nd</sup> 1947 memo to the Committee in which he suggests that their work be labeled "economic dynamics" rather than "economic history". RAC-RF, RG 1.1, Series 200 S, Box 397, Folder 4707.

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