Institutionalism Between the Wars

by Malcolm Rutherford

Recently, I completed a paper on institutional economics in the 1920s [Rutherford, forthcoming]. That paper is more than 60 pages in length and could easily have been longer. Indeed, most of the comments I received suggested expanding one or more parts of it. To deal with institutionalism over the entire interwar period in any real depth would take up a good part of a book, but this is a conference paper, and the constraints of the form mean that I will have to confine myself to a small number of central points. Some of the material in this presentation is taken from my paper on institutionalism in the 1920s, but I will attempt to expand that discussion along the time dimension while severely compressing the amount of detail provided.

My focus will be on what I consider to have been the defining characteristics of interwar institutionalism. Although I do want to say a few things about later developments that run through the 1940s and beyond, I think it is especially important to get as good an understanding as we can of what institutionalism was during the interwar period because that was when institutionalism developed as a movement and became a force to be reckoned with in American economics. Examining the nature of interwar institutionalism will help us to understand not only why it appealed and grew as a movement, but also what happened later to diminish its popularity. In this way also, institutionalism, as it exists today, can be put in historical context and understood as the outcome of a particular set of circumstances: circumstances that involved not only institutionalism itself, but also American economics and American social science more generally.

The Formation of Institutionalism as a Movement

The conventional view of institutional economics is that it was "founded" by Thorstein Veblen, John R. Commons, and Wesley Mitchell, although with Veblen as perhaps the leading figure. This view of a founding triumvirate, however, did not just instantly spring up with the movement itself, but was a later interpretation of institutional history, a construction, and one I suspect was largely the work of Joseph Dorfman.

The use of the term "institutional economics" seems to have developed between 1916 and 1918. In 1916, Walton Hamilton mentioned that Robert Hoxie had called himself an institutional economist, so the term was in verbal use by then [Hamilton 1916], but it appears to have been restricted to only one or two people. Its first prominent use in the literature of economics occurred in 1918 with Hamilton's AEA conference paper titled "The Institutional Approach to Economic Theory," published in the AEA proceedings in 1919 [Hamilton 1919b]. Hamilton's argument was for an economics focussed on institutions, based on a modern social-psychological foundation, and relevant to problems of policy, or "social control." This conference session also included a paper from J. M. Clark, who argued along related lines [Clark 1919], and was chaired by Walter Stewart, who used the opportunity to urge "the union of the statistical method and the institutional approach" [Stewart 1919]. The idea of there being something that could be called institutional economics took hold; the terms "institutional approach" and "institutional economics were in common use by 1927, and the terms "institutionalism" and "institutionalist" were appearing in print by 1931.

In the period from 1918 through the 1920s, there were a very significant number of articles, addresses, conference sessions, books, and textbooks that promoted this institutional approach within the profession at large and a considerable network of personal contacts between the people most involved. As I have discussed in detail elsewhere [Rutherford, forthcoming], the leaders of this movement were Hamilton, Clark, and Mitchell. A nice example of this can be found in a 1923 letter to Mitchell from Rexford Tugwell, in which Tugwell talks of Mitchell's "institutional economics" and continues: "I believe this is also the general orientation of J. M. Clark and W. H. Hamilton who I believe to be, with yourself, the most important economists of the present generation" [Tugwell 1923].

What then was Veblen's role in the formation of the institutionalist movement? Mitchell, Hamilton, and, to a lesser extent, Clark had all been affected by the work of Veblen, and they all regarded Veblen as having done much to undermine the legitimacy of conventional economic theory and existing "business" institutions. Veblen had also taught or had a direct influence on others such as Stewart, Max Handman, Isador Lubin, and E. H. Downey. Nevertheless, by 1918 Veblen was both marginalized professionally and not in terribly good health--often a person needing looking after than an active participant. It would also be a serious mistake to think of the institutional economics that Hamilton, Clark, and Mitchell were interested in as Veblenism pure and simple. Veblen was an inspirational figure, but institutionalism, as it formed and attracted adherents in the period from the World War I through the 1920s and 1930s, always consisted of aspects of Veblen's analysis of institutions combined with a much greater emph asis on legal institutions, pragmatic social reformism, and a strong empirical (sometimes quantitative) view of proper methodology. Interwar institutionalism drew not just from Veblen, but from H. C. Adams, Richard T. Ely, C. H. Cooley, John Dewey, and from the natural science emphasis on measurement and empirical observation that was commonly seen as the defining characteristic of a true science.

If Veblen was more of an inspirational figure than an active participant in the founding of institutionalism as a movement, what of Commons? One interesting result of my research on the formation of the institutionalist movement is that I can find no reference to Commons as an institutionalist until after 1924 and the publication of his Legal Foundations of Capitalism. Commons seems to have been thought of as a labor economist, and in that capacity he knew Hoxie, but he had very little contact with Veblen, and, prior to 1924, he seems to have had no part in what was a close network of contacts involving Mitchell, Hamilton, Stewart, and Clark or in the various conference sessions and books promoting institutionalism. Despite this, once Commons produced The Legal Foundations, he was immediately classified as an institutionalist [Mitchell 1924a], and his book became a frequently cited example of institutionalist research.

The inclusion of Commons within institutionalism creates a problem of interpretation in the sense that Commons was less influenced by Veblen than some of the other major figures mentioned so far. However, Commons shared with Hamilton and Clark the influence of the previous generation of progressives such as Adams and Ely. Ely's 1914 book, Property and Contract, was already well known to Clark and others. Moreover, Commons shared interests in labor issues, public utility regulation, and law and economics with a number of interwar institutionalists. Hamilton and Clark, as well as others, had significant interest in legal-economic issues, and Mitchell incorporated some of Commons work on legal evolution into his own description of the evolution of pecuniary institutions [Mitchell 1927]. Commons also served on the National Bureau of Economic Research board and held both Mitchell and the NBER in high regard. With The Legal Foundations, Commons became a recognized member of the institutionalist movement.

During the interwar period institutionalism developed a significant following with a concentrated presence at a number of schools. In addition to Hamilton, Clark, Mitchell, and Commons, people such as Willard Atkins, Clarence Ayres, James Bonbright, Morris Copeland, Lionel Edie, Mordecai Ezekiel, E. H. Downey, Martin Glaeser, Carter Goodrich, Harold Groves, Robert Lee Hale, Isador Lubin, F. C. Mills, Sumner Slichter, Horace Taylor, Willard Thorp, Rexford Tugwell, E. E. Witte, A. B. Wolfe, and Leo Wolman, among others, were associated with the movement. In terms of schools, Veblen had been an influence at Chicago, and, although Veblen left in 1906 Chicago remained a department with a strong institutionalist element until Clark's departure for Columbia in 1926. Copeland, Goodrich, and Slichter held doctoral degrees from Chicago. Hamilton was at the center of groups that were shorter lived, first at Amherst (1915-1923) and later at Brookings Graduate School (1923-1928). The Amherst group included Hamilton, Stew art, and Ayres as faculty, and undergraduate students such as Copeland, Goodrich, and Stacy May (as well as Talcott Parsons). The group broke up with the dismissal of the president, Alexander Meiklejohn, which prompted many resignations. Ayres was without regular academic employment from then until 1930, when he found a job in the economics department at Texas (initially replacing Max Handman), but he remained in close touch with Hamilton. At Brookings, the doctoral students included May, Lubin, and Ezekiel. The reorganization of Brookings resulted in the demise of the graduate school, and Hamilton moved to Yale Law School in 1928. Around 1930, a group formed at the Washington Square College in New York, with Atkins, Louis Reed, Anton Friedrich, and several others including Ayres's sister, Edith. Ayres also worked there briefly during summer 1930. However, the two major centers for institutionalism in the interwar period were without doubt Columbia and Wisconsin. Wisconsin's department included Commons (until he retired in 1933), Witte, Groves, Glaeser, Selig Perlman and several others. Columbia was an even bigger center for institutionalism with Mitchell, Clark, Tugwell, Mills, Dorfman, Wolman, Goodrich, Bonbright, and Hale all in the economics department at varions times, and many other people of related views in other departments. Bonbright, Dorfman, Hale, Mills, Reed, Taylor, and Thorp were all Columbia doctoral graduates, as were Simon Kuznets and A. F. Burns. The NBER was also closely associated with Mitchell's quantitative and institutional program, and Mills, Wolman, Thorp, Kuznets, and Bums were heavily involved with the NBER research program.

The Content and Appeal of Interwar Institutional Economics

From the above, it is clear that the efforts of the early promoters of the institutionalist idea bad considerable success in attracting people to the movement and in winning professional recognition. By the late 1920s and early 1930s the movement was well established at two of the three or four leading doctoral departments of economics in the country (the other two being Chicago and Harvard [Froman 1942]), at the leading institute for quantitative research, the NBER, and at a number of other universities and colleges. It is often claimed that institutionalism consisted of nothing but hostility to more orthodox theory, but to attract such a following and achieve such a position, institutionalism must have offered more than attacks on orthodox economics.

What was attractive about institutionalism at that time? I would ague that the institutionalist program appealed because it appeared to be something new, modem, scientific, and relevant; it promised a perspective that could relate the many disparate areas of economic research; the use of scientific methods to properly investigate the functioning of the existing set of economic institutions; consistency with the latest in related areas of psychology, law, and philosophy; and relevance to important issues of social policy and reform. In all of these respects institutionalism claimed superiority over more orthodox types of economics.

There are a number of aspects of this institutionalist program that I would like to emphasize. First, it is important to understand that the main focus of institutionalist research in the interwar period was not on theories of institutional change, but on the pressing problems of the existing economic order; on problems such as business cycles, labor relations, public utilities, monopoly, and business regulation; on recent technical, organizational, and legal developments (court decisions); and on what might be broadly categorized as problems of market failure. For many institutionalists, particularly Mitchell and Hamilton, a key concept was the Veblenian notion of the existing economic order being based on a set of "business" or "pecuniary" institutions (including laws, norms, common practices, and usages) that may conflict with "industrial" productivity, but this specific conceptual scheme was not universally adopted (Commons is an example) and was, in any case, not taken to imply that markets or business institutions had not done much to promote economic growth and efficiency. The issue was to understand the cases where these institutions failed to channel economic activity in ways consistent with the social advantage [see Mitchell 1996, 356; Copeland 1965]. Nevertheless, a large part of the appeal of institutionalism was that it was seen as allowing and encouraging the critical examination of the operation of existing business and market institutions, and Veblen was an inspiration in terms of this critical attitude. Institutionalists rejected the orthodox justification of markets and business enterprise, based as it was on a highly abstract and artificial theory, and instead regarded the functioning of existing economic arrangements as a matter for investigation.

Good examples of this overall approach and attitude can be found in the works most often cited as paradigms of institutionalist research in the period up to the late 1920s. These were Mitchell's Business Cycles (1913) and Business Cycles: The Problem and its Setting (1927), Clark's Overhead Costs (1923) and Social Control of Business (1926), Hamilton and May's The Control of Wages (1923), Hamilton and Wright's The Case of Bituminous Coal (1925), and Commons's Legal Foundations (1924). [1] What tied this work together was its overall "institutional" perspective, in other words, its insistence on seeing the existing economic order of firms, markets, laws, and norms (and the economic behavior and outcomes produced) as "instituted," not natural, and subject to scientific examination, critical assessment, and change.

Moreover, this institutional perspective was seen by both Hamilton and Mitchell as being capable of unifying economic investigations of many different topics in a way that the orthodox "value theory" was not doing. Hamilton argued that the existing orthodox "value theory" was not utilized in many studies of particular applied areas (being too confined to individual rationality and competitive markets), so that "for all the constraints of neo-classical theory, each of these subjects tends to develop an isolated body of thought." In contrast, the institutional approach provided a common context within which studies of different topics could be placed: "In describing in general terms economic organization it makes clear the kind of industrial world within which such particular things as money, insurance, and corporation finance have their being" [Hamilton 1919b, 312]. The same point was made by Mitchell [Mitchell 1924b].

Second is the important role played by the appeal to science and to the model of the natural sciences in which issues of measurement, observation, and empirical testing of hypotheses were taken seriously. The emphasis placed on scientific method in the interwar institutionalist literature is quite remarkable (see, for example, the various essays in Tugwell [1924] and the discussions of this literature in Rutherford [1999] and Yonay [1994, 1998]. It is absolutely bursting with references to science: natural science, modern science, experimentalism, and quantitative and statistical methods. The quantitative and statistical aspect of institutionalism is usually associated with Mitchell and the NBER, but it was not only Mitchell. It was also

Stewart, Lubin, Copeland, Thorp, Mills, and others. Empirical work also included industry studies such as Hamilton's work on the coal industry; the studies Hamilton directed during the New Deal and published as Price and Price Policies (1938); studies of trade unions such as those by Hoxie, Commons, Perlman, and Wolman; and studies of legal decisions such as Common's Legal Foundations [1924] and Tugwell's The Economic Basis of Public Interest [1922].

It is worth noting here that the institutionalist commitment to empirical scientific method was contrasted not only with the metaphysical and untestable nature of much orthodox theory, but also with the overly speculative nature of much of Veblen's work. Veblen's failures in terms of empirical work were explicitly discussed by many institutionalists including Mitchell, Hamilton, Clark, and Tugwell [Rutherford 1999]. Among institutionalists, Ayres was something of an outlier in this respect. Ayres was always more interested in philosophical questions and issues of values, despite Hamilton's attempts to turn him to more "scientific" work. [2]

The institutionalists' empirical methodology permitted them to lay claim to scientific standing and objectivity in an area traditionally bedevilled by political partisanship. This image of scientific standing was central to the organization of Mitchell's NBER and was vital to gaining access to research funding. Because of their view of science and the need for more empirical work and research training, institutionalists were heavily involved in the attempts to promote and provide for "scientific" social science research and advanced training. Closely related to this is the issue of the sources of funding that institutionalists drew upon in these efforts [Goodwin 1998]. Mitchell was involved with the National Bureau and the Social Science Research Council. Both received support from the Rockefeller Foundation. Hamilton's student and co-author, May, was assistant director of the Social Sciences Division of the Rockefeller Foundation throughout the 1930s. Perhaps for similar reasons, their interest in measureme nt, empirical and applied work, and in policy, institutionalists developed close relations with government agencies. The experience of government during World War I was an impgrtant influence, helping to create a positive view of the potential for government action. Institutionalists pioneered legislation on public utilities, unemployment insurance, worker's compensation, and Social Security; were active promoters of public health insurance schemes; and had an extremely heavy involvement in virtually all parts of the New Deal administration [Barber 1996].

Third were the linkages between institutionalism and other disciplines. A significant part of institutionalists' claim of scientific methodology (particularly in the literature from 1918 to about 1924) relied on institutional economics being based on a "modern psychology" in place of the discredited hedonism that was seen as underlying orthodox theory. Institutionalists began with the instinct/habit psychology of William James and William McDougall, but as instinct theory declined this became a liability, and institutionalists became divided over attitudes to behaviorism. There were close links between institutionalism and the realist approach to law. Both Hamilton and Hale moved into law schools, and Clark and Commons had major interests in legal issues. I want to emphasize that law and economics, particularly in relation to property valuation, goodwill, public utility regulation, and the ability of the state to regulate any business "affected with a public interest" was a major and central topic of institu tionalist research in the interwar period. Another link was between institutionalists and sociologists such as C. H. Cooley, E. A. Ross, and William Ogburn. Cooley was a significant influence on Hamilton and Clark. Ogburn had a doctoral degree in economics from Columbia, participated in the 1918 ABA session in which Hamilton introduced the term "institutional economics," and became a leader of quantitative sociology at Columbia and later Chicago.

Ross was a member of the economics department at Wisconsin until 1929 when a separate department of sociology was formed. He wrote an influential book titled Social Control in 1901 and participated fully in the graduate economics seminar. Institutionalism was also closely linked to pragmatism in philosophy and to John Dewey in particular. Dewey's instrumentalist philosophy was very familiar to all the major institutionalist writers in the interwar period. Finally, there is a close linkage between institutionalism and the progressive liberal reform movement that was a very evident part of the interwar scene in American academics and politics. The idea and promise of social control was not only a central part of institutionalism but also of its ability to resonate with other aspects of progressive thinking.

The point I am attempting to communicate here was that in the interwar period, and especially through the 1920s, institutionalism could easily have seemed to be a very promising and dynamic programumodem, scientific, engaged in hard critical analysis of the existing economic system and its performance, in tune with the latest in legal and social scientific research, established at leading universities, embedded in leading research institutes, with access to research money and with good government contacts, and involved in important issues of economic policy and economic reform.

From the Interwar to the Postwar

So far this is a success story, and throughout the 1920s institutionalism was certainly on an upward path. Weaknesses, problems, and challenges did exist, however, and these became increasingly apparent as institutionalism moved through the 1930s and beyond.

In the 1930s and 1940s several things happened that had a negative impact on the movement. I cannot give a detailed analysis of all of these factors here, but I will briefly mention some. Beginning as early as the mid-1920s, institutionalism started to lose some of its connections to other disciplines. Sociology became increasingly differentiated and separated from economics. Psychology moved away from instinct/habit psychology to behaviorism [Curti 1980; Degler 1991]. While acceptable to some of the more quantitative institutionalists (such as Mitchell and Copeland), behaviorism went much too far in excluding issues of cognition, motivation, and creativity for others. Although institutionalist attacks on hedonism had contributed to the purging of orthodox theory of explicit psychological language (although not the assumption of rationality), institutionalism itself, with its claims of the need to base economics on "modern psychology," found itself without a broadly accepted foundation on which to build a tr eatment of human social behavior [Lewin 19961. Somewhat later, legal realism in law schools and the pragmatic philosophy of John Dewey also began to decline in prestige.

In the 1930s, the experience of the depression and of the New Deal also created serious challenges for institutionalists. Institutionalists were as surprised by the depression as anyone, and its depth and persistence raised questions about the validity of Mitchell's four-phase analysis of the cycle, which was the generally accepted institutionalist treatment of the business cycle in the 1920s. The impact of the more interventionist institutionalist notions of planning (exemplified by people such as Tugwell and Ezekiel) also waned over the course of the New Deal [Barber 1996]. Some institutionalists took to underconsumptionist ideas, sometimes adapted from Hobson, but these were quickly overtaken by the tremendous impact of Keynes. Keynesian ideas became the new "new" economics and were widely adopted by institutionalists. Copeland regarded Keynes as having made a significant contribution to the solution of one of society's two major problems (the other being labor relations) and as having eclipsed institutio nalism [Copeland 1965, v-vi]. Clark explained the appeal of Keynesian economics in terms of it addressing the "major sickness" of Western economic society and doing so "with an analysis that commands standing as objectively scientific, centering in a formula of the way in which the economic mechanism operates, the analysis being translatable into statistically observable quantities" [Clark 1957, 14].

The impact of Keynesian economics was to make a concern with aggregate economic performance, national income statistics, capacity utilization, and unemployment, part of mainstream economics. These issues were no longer the preserve of institutionalists. Even more importantly, and as the above quotation from Clark makes clear, Keynesian economics was capable of empirical estimation and testing. Keynesianism, combined with the new econometric techniques being promoted by Cowles, meant that institutionalism could no longer claim to be the only empirical or scientific type of economics. Given that the claim of scientific standing was so central to the appeal and success of institutionalism in the interwar period (including its access to research funding and its links to government), this was a crucial issue. The conflicts between the NBER and Cowles for money and scientific status make fascinating reading, but a watershed seems to have been reached in the late 1940s, after which statistical and quantitative work very quickly ceased to have any close association with institutionalism. Mitchell had retired in 1944, and although the more down-to-earth empirical tradition of the NBER continued, its empiricism became disassociated from the institutionalist preconceptions that had informed Mitchell's earlier program of research (Milton Friedman is a good example of this).

These challenges to institutionalism were exacerbated by other developments within more mainstream economics during the 1930s. The immediate postwar mainstream economics was a fairly broad Keynesian/neoclassical synthesis that had a considerable amount of room for the study of increasing returns, monopoly, imperfect competition, externalities, labor market imperfections, public utility and other regulatory issues, and unemployment and macroeconomic policy. Many of the issues that had concerned institutionalists were becoming incorporated within the mainstream. Moreover, wartime research had led to the rapid development of mathematical techniques with economic applications and to a growth in the prestige and funding for such research [Mirowskl 1999].

The development of institutionalism was not, however, all a matter of happenings external to the movement itself. Institutionalism bad been defined only in highly general terms, and even by the 1930s the movement began to show signs of splintering rather than cohering. Hamilton--perhaps the leading promoter of the institutionalist concept--had moved to Yale Law School in 1928 and rapidly became less involved in the institutionalist movement and in economic work. [3] From 1931 on Commons began to present his own conceptual apparatus not just as a contribution to an institutional economics, but as institutional economics itself, which was something that created consternation even within the movement. In addition, Commons's 1934 Institutional Economics was often met with incomprehension. Both of these reactions were well displayed in a letter from Bonbright to Mitchell: "One of the problems that puzzles me is my complete failure to sympathize with or even to understand the point of view of John Roger Commons despite the fact that he writes on a subject of essentially the same title--reasonable value--and also despite the fact that I would suppose myself to be writing from the standpoint of an institutional economist. I wonder whether that term has not become a name for several entirely different points of view and whether we do not represent two of these divergent types" [Bonbrightl937].

To complicate matters further, Ayres, once settled at Texas, actively pursued his particular version of institutionalism, with the publication of his The Problem of Economic Order in

1938, followed with The Theory of Economic Progress in 1944. It should be noted that Ayres's effort to define institutionalism in terms of his instrumental/ceremonial dichotomy was, at the time, not particularly well received by other institutionalists. Even those who knew Ayres well, such as Dorfman and Clark were decidedly cool. Clark awkwardly declined Ayres's request that he write a reply to Hazlitt's scathing review of The Theory of Economic Progress [Clark 1944], and Ayres's 1945 "Addendum To The Theory of Economic Progress" which was published in the AER [Ayres 1945b], was prompted by word that Clark had been repeating Hazlitt's jibe about "machines to make machines to make machines" in the halls at Columbia [Ayres 1945a]. Other old friends, such as Meildejohn and Copeland, exchanged long critical correspondences with Ayr es. This lack of unity gave ammunition to institutionalism's critics, and these attacks on institutionalism, combined with the failure of convergence to occur within the movement, must surely have played a part in weakening the incentives for individuals to explicitly associate themselves with the institutionalist tag.

Given the above, and despite the initial reaction to Ayres, it is not altogether surprising that institutionalism in its more recent phases has been described as consisting predominantly of a Commons wing and an Ayres wing. By the late 1940s, institutionalism as quantitative methods, institutionalism as natural science, institutionalism as business cycle research, and institutionalism as a program connected with the latest in philosophy, law, and psychology was dying, if not already dead. Much of what had been at the very heart of interwar institutionalism, and much of the basis of its appeal and professional status, had been either knocked down or taken over and recreated in more orthodox form. Columbia remained heavily institutionalist through the late 1940s (Polanyi even joined the economists there in 1947), but the tide had turned. Columbia hired Abraham Wald in mathematical statistics, and in the late 1940s Albert Hart, George Stigler, and William Vickrey were added to teach economic theory. Mitchell retired in 1944 and died in 1948. Clark retired in 1953. Tugwell left academic economics with his New Deal involvement. Columbia soon ceased to be a real center for institutionalism. Hamilton moved further away from economics and ultimately (in 1947 when he retired from Yale) went into private law practice. At Cornell, Copeland became an isolated remnant of the interwar natural science ideal of institutionalism. Some of the Commons tradition of institutionalism remained at Wisconsin and elsewhere, and there was Gruchy at Maryland and Ayres at Texas. That was the situati on that faced the small Wardman Group of institutionalists (who would later become AFEE) when they met in Fagg Foster's hotel room at the AEA meetings in 1959.

Concluding Remarks

This paper deals with institutionalism as a sociological phenomenon. Who created and promoted it? What networks of people, departments, research institutes, ideologies, and ideas supported it? Why was it appealing to young academics in the 1920s especially? Why did it decline in appeal? What became of it as a movement, a network of people, and supporting institutions? This paper is a very sketchy and very partial attempt to answer some of these questions, and there are numerous issues with respect to Mitchell, Clark, Copeland, the Columbia Economics Department, and the relationship between economics and the ideology of the market that need to be investigated in much more detail.

What I hope people will take from this paper is a greater appreciation of the roles of Hamilton, Clark, and Mitchell in the formation of the movement in the 1920s; the important roles of the institutionalist stress on "scientific" methodology, of the critical attitude to pecuniary and market institutions (inspired in good part by Veblen), and of how these were, in the 1920s combined into a highly appealing program of critical investigation of the functioning of existing markets, laws, and other economic institutions; and of how some of the central aspects of this program were diminished or usurped by more mainstream economics as a result of a complex of developments both inside and outside of institutionalism. The story that I have told in this paper ends in the late 1940s, but institutionalism as it exists today seems to me to still have a character that was shaped by the history I have outlined here.

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(1.) My previous paper [Rutherford, forthcoming] also discusses many of the institutionalist textbooks produced in the late 1920s and early 1930s. There were a substantial number of these. For a contemporary review of American textbooks, see John Ise [1932]. Clark suggested that for classroom purposes his Social Control of Business be used together with Hamilton's compilation Current Economic Problems [Hamilton 19 19a].

(2.) In 1925 Ayres applied for an Social Science Fellowship. Hamilton encouraged this and advised Ayres to 'keep the metaphysics down' [Ayres 1925]. Hamilton also tried to get Ayres to participate in the price studies he conducted during the New Deal. Ayres did spend a month during the summer 1935 and some time in 1936 with Hamilton's group, but he did not author any of the published studies.

(3.) Ayres, in a letter to Allan Gruchy [Ayres 19681, tells a story of Davenport, in 1927, pressing Copeland to tell him "what is institutionalism," and he goes on to say that when Davenport visited Ayres at his Long S Ranch in 1930, Davenport commented: "I used to think Hamilton was the one who was going to tell us what institutionalism is all about; but I've about decided he isn't."

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