

THE FORD FOUNDATION
Behavioral Sciences Division

May 13, 1952

Advisory Group on Economics and the Behavioral Sciences
Report of First Meeting

The group met at the New York office of The Ford Foundation on Monday, May 5. Attending were: Carroll Daugherty, School of Business, Northwestern University; James Duesenberry, Economics Department, Harvard University; Fritz Roethlisberger, Graduate School of Business Administration, Harvard University; Herbert Simon, Department of Industrial Management, Carnegie Institute of Technology; Joseph Spengler, Department of Economics, Duke University. Representing the Foundation were David McClelland and Bernard Berelson.

In his opening statement, Mr. Berelson defined the Foundation's concept of the behavioral sciences and stated the general purposes of the Foundation in bringing this group together. The Foundation's general objective is to secure advice on how to establish more fruitful relationships between economics and the behavioral sciences in order to extend and deepen the intellectual maturity of both fields and to solve important public problems. More specifically, the Foundation sought recommendations as to:

1. The most appropriate subjects and problems for research, on both the "theoretical" and "applied" levels.
2. The most appropriate procedures and methods by which such research might be undertaken and collaboration fostered at this time.
3. The most appropriate types of training which might be undertaken in order to integrate the fields.

He concluded by indicating the Foundation's suggestions and expectations with reference to the work of the committee. The present meeting should serve the purposes of introductory exchange of ideas, scheduling, and organization. This might be followed by other meetings of this committee and by the preparation of memoranda or other materials for consideration by a larger group. This latter group, of some ten to fifteen people representing economics, the behavioral sciences and those people already working in the border zone between the disciplines, might be brought together for a few days in late summer to consider the deliberations and recommendations of the present committee. For its part, the Foundation would like to have a report from the advisory committee by early September.

In the discussion which followed a variety of points of view were presented and explored throughout the day. Following are the major points which seemed to emerge:

1. There was unanimous agreement that cooperation between economics and the behavioral sciences was highly desirable. Such cooperation would be valuable both in the development of new theories about economic behavior and in "mopping up" operations designed to document and refine earlier theories.

2. The present situation is due to an historical separation between the disciplines. A group of specialists began to work on a set of "economic problems" which were defined in limited terms for purposes of simplicity and manageability. They invented their own psychology and sociology, as needed. This form of intellectual organization became institutionalized through university departmentation, and then became traditional. As time went on, the intellectual claims and achievements of economics relative to the behavioral sciences promoted a kind of academic

"pecking order" within the social sciences, with economics at the top, and this made cooperation all the more difficult.

3. Collaborative work is desirable not only in the fields in which it is currently most evident - for example, labor and industrial relations, psychological factors in economic productivity, cultural development and economic change - but across a broad range of economic fields - investment, consumer demand, prices, organization, etc. Indeed, collaboration seems to be desirable in all economic problems except those dealing with highly technical tax and utility areas. A number of illustrations were given of concepts and propositions from the behavioral sciences which were or would be useful in the solution of economic problems, e.g., learning theory, the aspiration/achievement ratio and economic frustration, perceived probability (with reference to economic trends), cross-pressures in studies of industrial organization, institutionalized norms (with reference to oligopoly pricing).

4. In the absence of solid criteria for selection, it is not useful - and may be harmful - to identify certain subjects or problems for priority work at this time (Duesenberry, Simon, Spengler). At the present stage of development, it is best to rely upon the meritoriousness of the particular project and upon the quality of the proposer.

5. It is highly desirable that current work should lay a deep foundation in this field. This calls for emphasis upon theoretical work which will carry only a low rate of return over a relatively long time (at least five years).

6. As to "applied" work in this field, there was a difference of opinion. Duesenberry and Simon believed that the committee could not reasonably advise on such matters since the general objectives of the Foundation would be determining and since in any case government and industry could be expected to support work

of this kind. On the other hand, Roethlisberger suggested that it was reasonable to ask what problems of this kind faced businessmen and government officials today, and Daugherty suggested a few specific problems as illustrations (relation between labor unions and the government, economic motivation of farmers, factors affecting job selection).

7. Certain problems inhibiting work in the border zone between economics and the behavioral sciences were mentioned:

- a. The relatively limited resources available for work of this kind, particularly because of its expense (for field work, additional training, etc.)
- b. Absence of a suitable "operational milieu" within the universities for doing interdisciplinary work of this kind, in terms of both facilities and recognition
- c. The actual or perceived unevenness of intellectual development among the disciplines involved in the collaboration
- d. Simple semantic problems involved in communicating and understanding (e.g., "motivations" in psychology and "wants" in economics).

8. Finally, certain ways of moving ahead in this border zone were tentatively suggested:

- a. The direct support of research proposals in this field. This should involve the mutual application of methods to specific problems. Simply borrowing propositions by one side from the other is inadequate; instead, collaboration should be seen as the attack upon common subject matters or problems by methods developed in each field so that "new" and richer types of data can be secured than would be available from either side alone. Out of this pro-

cess might come the development of new tools of research particularly appropriate to this area.

- b. The encouragement of cross-field training, preferably by providing it to graduate students or others who are at work on particular problems the solution of which requires broader training in the other field. This way of developing cross-field training was considered more desirable than simply having graduate students in economics take courses in the behavioral sciences and vice versa. However, Daugherty suggested the desirability of early post-doctorate training in the other field and Simon suggested the planning of minor programs in the other field, for general application.
- c. The offering of joint courses in the universities by economists and behavioral scientists (for example, the course on "Sociological Foundations of Economics" offered by Duesenberry and Frank Sutton at Harvard) or the offering of courses in economics departments by behavioral scientists and vice versa.
- d. Development of inventories of the cross-field literature for purposes of stimulation (for example, the article by Samuel Hays on the contribution of psychological studies to economics).
- e. The possible development of a special journal for this field in order to focus attention on it and to provide recognition for it.