Economists at Wisconsin:  
1892–1992

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with contributions by

incorporating selected writings by
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Founded in 1960, the Wisconsin Social Systems Research Institute developed in an institutional context that differed greatly from that of just a few years earlier. In the late 1940s and early 1950s, leading Wisconsin social scientists had had little success in gaining greater support for their research, but beginning in the late 1950s a conjunction of forces transformed Wisconsin social science and created a campus atmosphere that facilitated the SSRI’s founding and initial rapid growth. At least in the SSRI’s first few years the university administration, the social science faculty, and outside organizations showered it with moral and financial support. Indeed, the SSRI stood out as the most visible feature in the new look of Wisconsin social science. By providing critical support to scholarly careers the SSRI also served as a linchpin in the rebuilding process. Attracted by the SSRI and, more generally, by the exciting changes in Wisconsin social science, many promising social scientists decided to pursue their careers at Wisconsin. Once they settled at Wisconsin the SSRI helped them at every stage of the research process: in drawing up research proposals, in conducting research, and in publishing studies. Therefore, just as the history of the SSRI cannot be adequately interpreted without an understanding of the transformation of Wisconsin social science, so too an analysis of the rebuilding process must consider the pivotal role played by the SSRI.

Guy Orcutt, the SSRI’s first director, was among the most prominent social scientists of his day. His fame rested on his leading role in developing research in econometric modeling, an approach that emphasized the statistical treatment of empirical data. His decision to leave Harvard in 1958 in order to direct the SSRI provided one of the first clear signals to outsiders that Wisconsin was making progress in its efforts to regain some of its earlier glory as a front-runner in American social science. For Orcutt and those individuals who closely shared his aspirations, however, the critical issue did not simply concern the fate of Wisconsin social science per se, although certainly they cared about this. For them, rather, the primary question centered on whether they would succeed in their ambitious goal of developing an integrated, interdisciplinary social science research organization and whether it would complete its mission to produce a microanalytic model of the American economy.

Given the recent improvements in social research at Wisconsin, Orcutt saw a window of opportunity in which to launch an innovative enterprise. To operate successfully the SSRI would need raw materials such as money, computer equipment, programmers, and high-quality research-oriented scholars. Equally important, the university would have to establish incentives and mechanisms to help coordinate the efforts of many researchers so that the sum total of their projects equalled not merely a collection of disconnected studies but an integrated research program. Their successful establishment would depend on the cooperation of other units of power within the university, especially the departments that traditionally placed a strong claim on the professional loyalties of faculty.

Orcutt’s Move to Wisconsin

The process of bringing Orcutt to Wisconsin began in the winter of 1956. By this time President E. B. Fred had appointed Fred Harrington, a vigorous proponent of social research, as his assistant and the university had set aside a portion of the Wisconsin Alumni Research Foundation (WARF) money for the social sciences. Therefore the likelihood of
attracting a nationally eminent social scientist had improved in the recent past. In addition, the economics department, led by H. Edwin Young as its chair, was beginning to rebuild. Since the turn of the century its strength had been "institutional economics." By the late-1950s the department's strength was shifting, however, largely as a result of strong sentiment from within that its outlook had grown stale and that it should pursue newer avenues of research.

To Young and the administration Orcutt seemed the ideal person to take the economics department in promising directions and, more generally, to lead the process of rebuilding Wisconsin social science. His background, especially his training in the natural sciences, impressed the natural scientist-administrators at the university. In addition, he possessed a vision and the energy to pursue it that could stimulate the imaginations and scholarship of his peers.

In December of 1957 Orcutt met with the top administrators. Later that month Young formally offered him a position. Young had negotiated to offer a lucrative deal, consisting of a yearly salary of $18,000, to be paid from the Brittingham Trust Funds, and research support amounting to $20,000 a year for five years, to be paid from WARP funds. Young also mentioned a light teaching load, but the details on this issue remained unsettled.

In January of 1958 Orcutt replied that Harvard had made a counter offer including a larger salary than the one presented by Wisconsin. The research possibilities at Wisconsin excited him, however, and he wanted to return to the Midwest. So he accepted the position at Wisconsin, which officially began in July of 1958.

The Development of the Social Systems Research Institute: An Overview

By the summer of 1958 the university was planning to develop the SSRI, although it was not formally established until 1960. An overview of its first half-decade reveals a three-stage evolution. During the first three to four years the SSRI grew rapidly in membership and research expenditures, with sixty-seven members, representing eleven different departments by 1964, and with total research expenditures nearing the $1,000,000 point by 1965. Expansion in these areas soon created difficulties in the SSRI's internal organization and in its relationship with the university and outside funding organizations. In the second stage, for approximately two years, Orcutt struggled to find answers that would satisfy all parties involved. By the mid-1960s he realized that he was encountering intractable problems. Thus in the last stage he resigned as director, and the SSRI scaled back its official purpose to reflect greatly lowered expectations of its capabilities compared to what Orcutt had originally anticipated.

This general pattern of growth and decline can be traced by examining developments in the SSRI's membership, its internal organization, and its financial condition, which involved relations with outside funding organizations, the university administration, and the social science departments. This analysis shows that conflicts between the SSRI's long-term mission and the interests of the various parties involved with the SSRI significantly limited its ability to function as an integrated, interdisciplinary research organization and thereby thwarted Orcutt's plans. These conflicts resulted largely from the diverse institutional locations of the parties involved. The personalities and intellectual commitments of these individuals seem to have played a relatively minor role.

Membership

From the outset Orcutt believed that the SSRI should be interdisciplinary. It would not be an exaggeration to say that by the time he arrived at Wisconsin he saw disciplinary boundaries as troublesome obstacles rather than useful intellectual and professional demarcations in higher learning. Besides his generally favorable disposition toward interdisciplinary thinking, he believed strongly that research in
economic modeling should involve the cross-fertilization of fields. To Orcutt recruiting researchers from multiple fields also seemed politically expedient, since the SSRI's long-term viability depended on the cooperation of the existing social science departments. If the SSRI focused solely on research in economics and enhanced the scholarly careers of faculty members only in this department, then members of other social science departments would likely become jealous. Most importantly, they could make it difficult for Orcutt to justify requests for resources and special privileges to the departments and university administration.

In 1962, after two years, the SSRI had forty-four members from seven departments: Economics, Sociology, Political Science, Statistics, Agricultural Economics, Mathematics, and Commerce. By 1963 it had fifty-seven members, including additions from Anthropology, Numerical Analysis, and Urban and Regional Planning. Over the following year membership increased to sixty-seven, including professors from Law and History. The number of disciplines represented dropped to ten, however, because some previous members had left. Of the sixty-seven members at this time forty came from Economics and ten from Sociology, but no more than three came from any other department.

**Internal Organization**

Orcutt tried to structure the SSRI's internal organization to facilitate the success of its mission. Considerations about the characteristics of microanalytic models had led him to believe that the organization of research should correspond to the logic of inquiry. In particular, he believed that studies of economic decision-units (i.e., individuals, households, firms, government agencies) could proceed, at least in the initial stages, largely independently of one another.

In keeping with this view, the SSRI established highly autonomous research units. During the first two years of SSRI's existence, major research activities took place in three workshops: Systems Formulation and Methodology, Economic Behavior of the Household, and Firm and the Market. By 1963 these workshops had developed into more formal structures now called Research Centers, and four more units accompanied the original three: Financial and Fiscal, Research on Policy and Operations, Social Behavior, and Demography and Ecology.

The task of coordinating research, the SSRI's 1962–63 "Annual Report" noted, was left to the executive council and a system of faculty committees in the SSRI. Ultimate authority within the SSRI lay with the council. Council members included the SSRI's director of research, budget and personnel (Orcutt), its chair, the academic vice president, deans of the College of Letters and Science and the School of Commerce, and the chairs and some faculty members of Agricultural Economics, Anthropology, Commerce, Economics, Numerical Analysis, Political Science, Rural Sociology, Sociology, Statistics, and Urban and Regional Planning.

By involving a variety of university personnel, the council promoted the Institute's legitimacy on campus. In addition, the Institute initially grew rapidly in part because so many people enjoyed taking credit for the university's new showpiece in the social sciences. Complaints directed against the SSRI, moreover, had little chance of gaining a strong backing as long as a cross-section of university leaders governed SSRI.

Although the council purportedly facilitated coordination, it did so poorly, as its very composition impeded its ability to carry out this task. The diversity of interests represented eventually led to a blurring of vision, and, as a result, Orcutt's goals for the Institute were compromised in the process of arriving at council policies acceptable to all its members. By 1964 the SSRI's official goals had changed significantly. Orcutt noted that its "original research goal...was the construction of a microanalytic model of the United States economy," but the broad support of Wisconsin social research had become its primary responsibility. Thus, similar to the
problems of membership, the council’s composition initially helped the Institute
to acquire a broad base of support but it ultimately led to serious difficulties.

Poor internal coordination was reflected in other areas as well. Although Orcutt
believed that he should allow the research centers and their members substantial
autonomy, he never intended that members’ projects would become completely
isolated from the Institute’s initial mission. Nevertheless, this happened. While
some centers developed out of the interests of the Institute's original members
and retained close connections with this mission, others grew out of the divergent
interests of new members. In at least one case an independent research project
joined the Institute to use its services and facilities.

Orcutt apparently never attempted to prevent professors who were not directly
contributing to the Institute’s mission from using its resources, perhaps because
he realized that such a move might have undermined university support. In addi-
tion, professors who remembered Orcutt many years after he had left Wisconsin
suggested that he simply did not like to discourage a colleague who was working
to advance a particular field of research, regardless of its connection to his own
interests. In either case, research centers developed without clear connections to
each other or to a central focus, as many

members pursued research projects that
had only tenuous connections to Orcutt’s plans.

Financial Arrangements

Weakened by an unrestricted membership policy, an executive council unable to
provide a unified guiding vision, and a fragmented internal structure, the SSRI
was especially vulnerable to financial difficulties. Arising in 1964 and 1965, these
prevented the SSRI from meeting Orcutt’s expectations. They grew out of basic
conflicts between his activities as director and the interests of private founda-
tions, university administrators, and department leaders. In retrospect, these
conflicts seem to have been inevitable, primarily because the SSRI never was well
integrated into the academic reward system. In addition, a shift in the character of
external support for academic social research limited Orcutt’s ability to obtain
the financial support he desired.

Even for members who were sympathetic toward SSRI's original goal, the
academic reward structure that determined their most pressing career concerns
substantially curbed their willingness to contribute to the overall effort. In the sys-
tem of university rewards and incentives, faculty served primarily as members of
departments and professional societies: they served as Institute members only sec-
ondarily. Beginning with their experiences

as graduate students, faculty learned to
talk, act, and think as economists, sociolo-
gists, psychologists, etc. Only recognition
of their proficiency by their departments
assured them a salaried faculty position
and determined their reputation as scholars. The SSRI could help advance scholar-
ly careers but it could not make critical
decisions involving promotions. Depart-
ments had this responsibility and also the
power to exercise it.

Orcutt hoped to modify the existing
reward system in order to encourage SSRI
members to reorient themselves, both
intellectually and professionally, toward
the Institute's interdisciplinary project.
When setting up the SSRI he had obtained
seed money to be used at his discretion:
from the university $100,000 over five
years beginning in 1958 and from the Ford
Foundation $400,000 over three years
beginning in 1961. By targeting these flex-
ible funds for research in certain areas,
Orcutt encouraged the original members
to follow his ideas about how to advance
microanalytic modeling. As the Institute
grew he hoped to maintain flexible funds
equal to approximately one-third of the
SSRI’s total research expenditures.

By 1964 Orcutt’s pool of funds had run
dry. Although in 1963–64 the SSRI
received $300,000 from more than a
dozon funding organizations, it obtained
this money mainly through successful pro-
posals that Institute members submitted
for short-term, focused research projects. Orcutt subsequently requested additional funds from his initial supporters. His informal inquiries to the Ford Foundation indicated that it was not willing to provide long-term support in the area of flexible funds. His request to the NSF elicited some money, but not nearly enough. He asked for $2,500,000 for a five-year period, but received only $250,000 for 30 months.

These requests by Orcutt dwarfed the majority of social science proposals that these funding organizations received. This fact probably contributed to their reluctance to grant him all that he wanted. More general considerations about the relationship between these organizations and academic social research, particularly shifting funding priorities, also help to explain their decisions. Whereas Ford, Rockefeller, and Carnegie enthusiastically supported interdisciplinary academic social research programs in the 1950s, by the early 1960s these foundations had abandoned this approach. Instead, they focused on advancing the careers of promising scholars and on developing research and graduate training programs at the best departments. Thus Orcutt’s efforts at Wisconsin fell out of step with the changing character of research support.

During this time Orcutt was also seeking more unrestricted funding from the university. On January 13, 1964, he and other members of SSRI’s executive council met in the office of Vice-President Robert Clodus to discuss a proposal from the SSRI requesting $100,000. This proposal began with brief remarks about the SSRI’s important contributions to the rebuilding of Wisconsin social science. It noted that the SSRI facilitated research of existing staff and helped acquire young promising social scientists. Since 1960 the SSRI and its members had secured over $1,000,000 in grants and had pending another $1,000,000 in additional requests. Furthermore, it had helped to develop a pending request of $2,100,000 for a new social science research complex. The proposal strongly urged the university to replenish the original seed fund “for the development of strength in areas where it does not presently exist.” In the long run, it continued, the university’s budget should include this request as a line item in a section of administrative needs.

Acknowledging the unlikely realization of this possibility in the near future, however, it identified other possible sources of support, of which WARF seemed the most likely and appropriate.

The discussion in Clodus’s office concluded when a number of council members told Clodus that if given a choice, they would prefer that WARF funds controlled by the research committee were distributed to individual faculty members rather than to the SSRI. In effect, the council members decided that the university had a greater responsibility to help professors pursue their own research interests and advance their personal careers than to provide the resources necessary for highly organized social research. Perhaps more than any other episode, the university’s handling of this request revealed that departments and administrators were unwilling to alter traditional procedures to accommodate the SSRI’s special needs.

Orcutt’s frustrations over funding policies had not yet ended. After the university turned down his request on the SSRI’s behalf for $100,000, H. Edwin Young, who by this time had become the dean of the College of Letters and Science, and previously had been instrumental in bringing Orcutt to Wisconsin, agreed to devote $30,000 annually from the dean’s fund to the SSRI. Although Orcutt welcomed this support, he was disturbed at Young’s stipulation that the money would serve the whole economics department and not primarily the SSRI. To enforce this requirement Young distributed this support as partial salary payments on specific faculty positions, not as flexible funds.

Young’s recollections of his involvement with the SSRI underscore the schism between Orcutt’s goals and the outlook of university administrators. Young judged that perhaps his greatest contribution to the university was to help attract Orcutt to
Wisconsin and establish the SSRI. Considering that Young spent several decades at Wisconsin as both scholar and administrator, his judgment has important implications for assessing SSRI’s relationship to its host institution. As Young certainly knew, Orcutt and the SSRI helped the administration to reverse a trend of criticism concerning the growing research imbalance between the natural and social sciences. At least during the SSRI’s early years the administration recognized its important role in rebuilding Wisconsin social science and, consequently, in advancing the reputation of the university. After this process had firmly taken hold, however, the administration’s concern about the SSRI diminished dramatically.

By 1965 Orcutt’s patience had worn thin. As he explained in an evaluation to the Ford Foundation, his inability to secure “unrestricted, long-run support” had produced a crisis at SSRI. It meant that the SSRI could not adequately maintain data collection services, a data library, and computer software. Equally problematic, he added, key researchers were forced to become “fund raisers” and they therefore raised funds for “whatever research they wanted to or were persuaded to direct.” They raised funds for “absolute essentials” including their salaries, the preparation of new proposals, and the dissemination of publications. “Under these circumstances,” Orcutt concluded, “a unified effort could not be maintained indefinitely and has been abandoned.”

Two other developments fueled Orcutt’s disillusionment, and both demonstrated that the administration no longer considered SSRI a top priority. In February of 1964 NSF awarded the university $900,000 of its $1,000,000 request for funds to construct a social science research complex, an award that Orcutt had played a central role in securing. After the state of Wisconsin matched the NSF grant, construction of a new large wing to the existing Social Science Building began promptly. As SSRI director, Orcutt hoped that his concerns about the allocation of office space would receive careful consideration. Although he knew that the university would use this new wing to provide additional office space desperately needed by its expanding social science faculty, he felt that his role in securing the grant justified preferential treatment. By 1967, however, individual social science departments exercised almost complete control over the allocation of space. Orcutt’s suggestion that to facilitate research integration SSRI members should be located in close physical proximity to each other fell on deaf ears.

At this time the university was also planning a new large-scale social research program. With funds from the Office of Economic Opportunity, the Wisconsin Institute for Research on Poverty developed as part of the research component of Lyndon Johnson’s War on Poverty. Orcutt argued that this new institute should be assimilated as one of the SSRI’s research centers. After all, the new institute’s focus on understanding the causes of poverty and designing policy solutions resonated with the utilitarian goals of the SSRI. The university created the Poverty Institute, as it came to be called, as an independent unit, however. Soon it had replaced the SSRI as the focal point and symbol of big social science at the university.

Orcutt’s Departure from Wisconsin

In 1967 SSRI leaders concluded that “the forward momentum of SSRI has been arrested.” Although it continued in existence for the next few decades, the SSRI never fulfilled its mission to develop a sustained, interdisciplinary research program. In addition, it failed to deliver Orcutt’s promise that it would construct an economic model useful for predicting the effects of alternative public policy options. It did continue to facilitate research careers, however, including those of economists who had initially arrived at Wisconsin hoping to contribute to Orcutt’s research program. But after a half-decade of frustration Orcutt recognized that Wisconsin did not permit him to bring his plans to fruition. In 1966–67 he departed, and with him went the vision that had first given life and purpose to the SSRI.
Conclusion

Despite the significant improvement in campus opportunities for conducting social research, the SSRI ultimately suffered because it could not reform the entrenched academic system of rewards that reinforced the dominance of departments in the university structure. These aspects of the university hindered the coordination of research across departmental boundaries by restricting the powers of the Institute's director and by directing the energies of Institute members in disciplinary channels. The history of the SSRI highlights the persistence of institutional impediments to the pursuit of large-scale interdisciplinary social research.

Essay III

The Institute for Research on Poverty


The Institute for Research on Poverty was created in March 1966, when the University of Wisconsin-Madison reached agreement with the U.S. Office of Economic Opportunity to establish a national center for study of "the nature, causes, and cures of poverty." A national center, located in Madison, was a logical response to the issues and the times.

When the federal government undertook new efforts to aid the poor in 1960s, it also determined that social programs would be studied and evaluated to determine their effectiveness. In 1965 a presidential executive order directed all federal agencies to incorporate measures of cost effectiveness and program evaluation into their decisions. The guiding concept was that the policies and programs then being developed should be shaped by sound logic, firm data, and systematic thinking rather than by good intentions alone.

Charged with implementing the War on Poverty that President Johnson had declared in 1964, the Office of Economic Opportunity (OEO) sought to establish a center where experts would perform basic research, provide counsel, and serve as a ready information source. To remove it from the arena of day-to-day issues and problem-solving, the center should be located outside of Washington. The University of Wisconsin was a likely site in view of its long tradition of applied social policy research and also because several of its faculty members had served on the staff of the president's Council of Economic Advisers when the antipoverty strategy was being formulated.

At first cool to the idea of becoming too closely involved with immediate government activities at the expense of more academic pursuits, the university accepted OEO's offer on condition that the Institute exercise full authority in allocating grant funds to researchers, selecting research topics, and publishing the results. The agreement signed on March 23, 1966, describes the essential features that characterize the Institute today, even though the OEO has not existed for many years and the optimistic belief that poverty could be eliminated within one generation has faded.

The agreement specified that the Institute would embrace a number of the social science disciplines; that it would encourage new as well as established scholars to inquire into the origins and remedies of poverty; that it would promote sharing of knowledge among researchers and policy analysts by means of conferences held at