In a paper that aimed to compare the respective domains of economics and sociology, the economist Mancur Olson (1968a, 97) claimed that “if poverty is not an economic problem, then nothing is.” This is a surprising statement, for it now seems obvious that poverty is linked to low income. However, in the 1960s the discovery of poverty within the “affluent society” came as a shock and accordingly disconcerted many. After some attempts to address the problem under the Kennedy administration, Lyndon Johnson’s “War on Poverty” sought to tackle it head-on. This drew attention to the lack of social scientific research on poverty-related social issues. However, it was believed that if the “domestic intelligence gap” could be filled, effective social policies could be grounded in social science in the same way that policy recommendations from the Council of Economic Advisers (CEA) drew on economic analysis. This offered social scientists an opportunity to demonstrate their ability to deal with the problems of the day, Congress even debating the creation of a Council of Social Advisers, to better incorporate social science research into public policy-making.

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Olson’s defensive stance suggests that in those days, the problem of poverty fell under the jurisdiction of several social sciences, not just economics. Through poverty, low income was related to social problems such as crime, discrimination, and deficiencies in education and health care. The question facing economists was whether they could (or should) contribute to solving “noneconomic” problems. In addition, the growing reliance of policymakers on social scientific research inevitably raised questions about the disciplinary boundaries within the social sciences.

The role of economists and other social scientists in the War on Poverty has been the subject of several historical studies (Brauer 1982; Jardini 1996; Huret 2004, 2008). None of these, however, addresses the question of the evolving boundaries of economics.† Moreover, the literature on the boundaries of economics, although it generally focuses on “economics imperialism,” offers no explanation of the growing influence of the economic approach to social phenomena (e.g., Swedberg 1990). The present essay focuses on economists’ contributions to debates over social issues during the sixties to show how the growing influence of the “economic approach” to social phenomena came at precisely the time when Johnson’s War on Poverty offered an important opportunity for economists to claim expertise over the “social.” This is a story that involves both the analysis of economists’ incursions into social problems and the reactions of other social scientists (sociologists, psychologists, and political scientists) to these incursions.

We argue that the policy problems raised by the issue of poverty reinforced the expansion of the scope of economics. The influential positions taken by economists on social policies for fighting poverty caused economic theories of poverty-related problems such as education, health, and crime to appear as valuable tools for public decision making. Although economists were criticized for the narrowness of their approach, social scientists had nothing better to offer, which, ultimately, strengthened the image of economists as experts on social policy.

We begin by exploring the impact of the rediscovery of poverty on the traditional domain of expertise of economists. As public concern with poverty-related problems grew, economists overstepped their traditional role of advisers on strictly economic issues, taking influential positions on social policies. We then analyze the growing economic literature on

† Romain Huret (this volume) mentions the relationship between economists and other social scientists, but does not consider the evolution of disciplinary boundaries.
social issues that provided theoretical underpinnings for social policy recommendations. The reactions of other social scientists over the role of economists and economic thinking in addressing the social issues are then discussed, before conclusions are drawn.

**The Emergence of Poverty as a Social Problem**

Daniel Geary (this volume) argues that, prior to the 1960s, the relationship between economics and sociology was “professional”: there was agreement on their respective scope and method. The domain of economics was the study of wealth, growth, and pecuniary behavior. There could be variations in the definition of economics, but social issues were deemed outside its scope, and most economists felt uneasy about the adventures of a few mavericks outside the “traditional” domain of economics (Backhouse and Medema 2009). The early human capital literature, for instance, faced the criticisms of economists, such as Harry G. Shaffer (1961), who believed that economic rationality didn’t apply to educational choices because individuals could not properly assess the returns on their investment. Others criticized the term *human capital*, which implied an analogy between human beings and durable goods, a criticism that echoed James Duesenberry’s attacks on Gary Becker’s (1960) early economic theory of fertility (see Teixeira 2005). It was believed that the utility maximization framework applied only to monetary and pecuniary choices, and as a result, economic theories related only to the corresponding issues at the policy level. On the other side of the boundary, some sociologists and psychologists, who studied crime, discrimination, education, and health during the 1950s, resented the occasional incursions of economists into their territory (see Schuessler 1958 on Becker’s *Economics of Discrimination* [1957]).

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2. When Gary Becker presented his “Economic Theory of Fertility” at an NBER conference in 1960, he faced the attacks of the macroeconomist James Duesenberry, which now remain legendary. Becker’s analogy between children and consumer durables had prompted Duesenberry to remind the audience about the distinction between economics and sociology. Economics was the study of choice, whereas sociology was the study of why individuals did not have choice (Duesenberry 1960). In some ways, it echoed Paul Samuelson’s view that many scientists would separate economics from sociology on the basis of a distinction between rational and irrational behavior (Swedberg 1990). Rationality was associated with a specific domain of inquiry, the economy, while other domains were subject to what Duesenberry (1960, 223) called “sociological limitations.” As he wrote about fertility behavior: “There is no area in which the sociological limitations of freedom of choice apply more strongly than to a behavior in regard to bringing up children” (223).
Economists’ neglect of what would be considered during the Johnson administration as “social” issues resulted more generally from the Eisenhower administration’s general neglect of domestic issues. From 1953 to 1964, the reports of the CEA concerned themselves with purely economic issues: growth, price stability, unemployment, tax policies, and international trade and monetary problems. When they addressed social issues, it was because of their impact on economic growth. For example, the 1957 report advocated developing private health insurance plans to enhance the nation’s “capacity to work” (CEA 1957, 66); its views on housing and urban issues were likewise driven by the will to secure future material wealth (64–66).

The emerging public concern with poverty had an important effect on the postwar division of labor among social scientists. As late as the early 1960s, material wealth and prosperity overshadowed the problem of poverty (Huret, this volume; see also Brauer 1982, Jardini 1996). The latter was still a problem with no name. In such a context, Michael Harrington’s book *The Other America* (1962), which uncovered “the invisible land” of poverty, was like an electric shock. Grounded in social scientific research, it offered a definition of poverty in terms of inequality. The American poor were “dispossessed in terms of what the rest of the nation enjoys, in terms of what the society could provide if it had the will” (178). Poverty arose out of social change: “If there is technological advance without social advance, there is, almost automatically, an increase in human misery, in impoverishment” (178).

To President Kennedy’s advisers, poverty gradually appeared as an entrée into social ills and social discontent. For example, the consequences of poverty on criminal behavior were underlined by the President’s Committee on Juvenile Delinquency and Youth Crime. Its report was based on the “opportunity theory” of the sociologists Richard Cloward and Lloyd Ohlin, which argued that social despair in a prosperous society generated juvenile delinquency (Lagemann 1999). As Sundquist (1968, 135) wrote, before Johnson declared war on poverty “some highly organized preliminary skirmishing was under way.”

Later, the CEA played a significant part in stressing the War on Poverty as a political move to win the 1964 election. In 1963 Walter Heller, then chair of the council, asked the economist Robert Lampman, a member of the informal network on poverty studied by Romain Huret (this volume), to work on a set of proposals to eradicate that scourge (see also Brauer 1982). After Kennedy’s assassination in November 1963, the strug-
The War on Poverty generated a wide array of social policies. During the 1964 congressional hearings on the Economic Opportunity Act, the economist Walter Heller stated that “clearly, we cannot rely on the general progress of the economy—or on job creating programs alone—to erase poverty in America” (quoted in Gallaway 1965, 122). Heller’s statement testifies to the changing orientation of the CEA, which now considered poverty and related issues as part of its domain of expertise. As the 1965 report emphasized, these pressing social issues could no longer be neglected. The CEA (1965, 146) responded to the president’s call for “a new effort to address ourselves to social problems” by assuming the responsibility to use its resources and “creative powers . . . to move toward the Great Society.”

To the CEA, poverty was an economic problem characterized by low income and low productivity. Yet the “economic tasks of the Great Society” encompassed social welfare policies. Education was an important issue, as the council suggested when it wrote that “if children of poor families can be given skills and motivation, they will not become poor adults” (CEA 1964, 75). Accordingly, the CEA supported the president’s 1-billion-dollar grant for educating children of poor families.

Discrimination in employment and poor health ranked among the “social” sources of low productivity. The CEA underlined government efforts to fight discrimination through the 1964 Civil Rights Act and the enforcement of equal opportunities. Similarly, as fighting inadequate medical care was another “economic task,” the CEA supported the president’s call for federal grants to support children in poor families and the elderly, two groups with low incomes and high medical costs.

Poverty crystallized as much as it occasioned a number of social disadvantages. Poor families could not afford proper education and proper
health care, and they sometimes endured discrimination, which resulted in lower income. Moreover, as acknowledged by the CEA, echoing Cloward and Ohlin’s opportunity theory, there were links between low income and juvenile delinquency. Poverty burdened society with a double cost, not only limiting the economic and social opportunities of individuals but also generating new problems requiring costly programs (CEA 1964, 55).

The CEA remained mostly focused on economic solutions to alleviate poverty, thus echoing Leon Keyserling’s approach to poverty. The author of *Poverty and Deprivation in the United States* (1962) claimed that the economic problem of unemployment lay at the root of crime, poverty, and rioting (Keyserling 1967). Thus social policies, growing out of the main concern for poverty, had to make full employment their top priority, suggesting in turn that economists were the relevant social scientists to tackle the main issue of the day.

During Johnson’s term, the evaluation of social policy placed economists in an influential position. Shortly after its creation, Johnson was already struggling with the Community Action Program, considered one of the most important weapons in the War on Poverty. Embedded in Cloward and Ohlin’s approach, this decentralized program conflicted with the centralized conduct of social policy advocated by economists and other experts at the Pentagon and the Bureau of Budget. To many commentators, including local Democratic politicians, the program’s empowering actions had destabilizing effects, since it encouraged protests and radical behavior (see Jardini 1996, 333–44). As Johnson was looking for new ways to coordinate the War on Poverty, the implementation of the Planning Programming Budgeting System (PPBS) at the Department of Defense by the RAND economists Alain Enthoven and Charles Hitch offered a timely opportunity.

The planning system was the outcome of the operational research conducted at the RAND Corporation in the 1950s. PPBS was a tool designed to implement rational, cost-effective public policies. When allocating resources and budgets, federal agencies had to compare the costs and benefits of a specific decision to those of all alternatives (Olson 1969b). The system emphasized the effectiveness of policies, not just simple comparison of their costs. PPBS was especially designed to be effective when

3. Keyserling (1967, 103) wrote, “This is particularly true because the massive unemployment that now exists is intimately associated with poverty, human deterioration, personal bitterness and resentment, and social restiveness or rebellion, whether translated into pernicious or potentially constructive individual or group action.”
applied to noneconomic issues. Yet with its logic grounded in microeconomics, the development of PPBS occasioned the hiring of numerous analysts trained in economics (Nelson 1987; Amadae 2003).

Under the leadership of the economist Charles Schultze, PPBS was implemented at the Bureau of Budget in 1965 (Nelson 1987). It resulted in shifting the bureau’s focus from the sole concern for administrative efficiency without any implication on political decisions to the advocacy of an economic approach applied to policymaking (Nelson 1987, 78). The implementation of PPBS reinforced the bureau's influence (and that of its economists) on the formulation of social policies and their evaluation (Gorham 1967, 999). The same year, PPBS was implemented at the Department of Health, Education, and Welfare (HEW) by the RAND economist William Gorham, further illustrating the influence of economics on social policy.

In the context of the War on Poverty, these developments generated an increase in the demand for data on the output of social policies (Galnoor 1971). It was widely acknowledged that economic indicators, as used by the CEA and federal agencies, were inadequate for addressing the nation’s social ills. This was also the conclusion of the 1966 report of the National Commission on Technology, Automation, and Economic Progress, which had been created to study the cost of technological change on society. The report recommended the development of a set of social indicators by the CEA, in order to provide a measure of the social ills facing the nation (Ferriss 1979). Responding to this call, President Johnson commissioned, in 1966, a social report to be prepared under the auspices of HEW.

Given that the PPBS had been implemented there, HEW’s new mission could not neglect the role of social indicators in providing the necessary data to evaluate the efficiency of social welfare policies. Unsurprisingly, the task of supervising the social report fell on Gorham, who appointed the sociologist Daniel Bell and the RAND consultant Olson to work on the social report. The author of The End of Ideology (1960), Bell was also the editor of the Public Interest, a journal devoted to debating public policy issues and in which economists and other social scientists interacted. Deputy assistant to the secretary for social indicators, Olson was the author of The Logic of Collective Action (1965), which studied the relationships between individual interest and group behavior. The book demonstrated his willingness to use microeconomics to study social and political issues.

Olson and Bell supervised and summarized the work of a panel of forty-one scholars that included sociologists and political scientists (see
The rationale for such a report was directly linked to poverty as relative deprivation: “It is not misery but advance that fosters and raises expectations. . . . If in earlier periods of history we had few programs to help the poor, it was not for the lack of poverty, but because society did not care and was not under pressure to help the poor. . . . Another part of the explanation of the paradox of prosperity and rising discontent is clearly that ‘money isn’t everything.’ Prosperity itself brings its own problems” (HEW 1969, xii).

In 1967 Olson had already complained to Gorham about the relative lack of money invested in the enterprise. Although Gorham was enthusiastic about the project, he left HEW before 1968. His assistant, the economist Alice Rivlin, took over. Olson, who apparently occupied the lower rank of all deputy assistants at HEW, repeated his complaints to Rivlin, but faced the same unwillingness to hire more personnel (Olson 1968d). Olson did not benefit either from the replacement of the previous secretary of HEW (John Gardner), who left to protest against the war in Vietnam, by Wilbur Cohen, who had an even more conservative and less enthusiastic approach toward the endeavor.
The Economic Analyses of Social Phenomena

In the mid-1960s the influential position of economists in relation to social policymaking provided an interesting opportunity for the emerging economic analyses of social phenomena, previously subject to much criticism, to demonstrate their relevance. Fighting poverty required addressing a broad range of topics, those listed in the outline of Toward a Social Report being health and illness, social mobility, pollution, income and property, public order and safety, learning, science and art, and participation and alienation. Because of space limitations, we confine our attention to education, health, and crime.

When addressing the relationships between education and poverty, the 1965 CEA report emphasized the importance of the returns on investment in education, on which evidence was “mounting” (157). This was an implicit reference to the growing literature on human capital and the economics of education, which was by then regarded as an important evaluation tool for public policy.

Interestingly, the way in which the CEA became interested in human capital echoed the story of the economists Becker and Theodore Schultz, who pioneered the notion. In the early 1950s Schultz, studying poverty among farmers, had developed the concept of human capital as a tool to analyze the modernization of agriculture (Teixeira 2005; 2007, 25). When W. Lee Hansen, a student of Simon Kuznets in the late 1950s, came to Chicago on a postdoc, he met Schultz and worked on estimating returns on investment in education. Schultz put him in contact with Heller (Huret 2008, 111). Becker, on the other hand, was part of a research project, led by H. Gregg Lewis at Chicago in the mid-1950s, to study income differences between minorities in America. In his PhD dissertation and his subsequent book The Economics of Discrimination (1957), Becker had hypothesized that, beyond discriminatory behavior, differences in human capital explained some of the income differences between whites and African Americans. This led him to study the returns on investment in education after he moved to Columbia and the National Bureau of Economic Research (NBER) in 1958.

Human capital theory was welcomed by some as an important tool for addressing the social issues of the day. Considered for the Woytinsky prize in 1965, Becker’s Human Capital was supported by the economist Jacob Marschak (1965) because its results had “obvious implications for estimating the effect of education upon national productivity” and were “of direct importance for domestic educational policies.” The notion of human
capital had wide appeal, as shown by the first conference on the topic, titled “Exploratory Conference on Capital Investment in Human Beings,” held in December 1961 at the Carnegie Endowment Center in New York. Toward a Social Report also acknowledged that education was a major policy challenge in order to secure equality of opportunities and fight poverty. Olson’s work shared with human capital theory and the economics of education the concern for refining the measures of the returns on investment in education, subject to much criticism. Olson was looking for an aggregate indicator that would provide an idea of the “stock” of knowledge, in order to determine whether children were learning more than they had in the past. Such an indicator would provide useful data on the efficiency of educational policies, linking the amount spent on education to increases in the stock of knowledge (HEW 1969, 66). He also wanted an indicator that would give an idea of how much more students could be learning in order to assess whether the nation was taking full advantage of their capacity to learn. These indicators could also be used to measure the influence of poverty on educational attainment and social mobility: they showed that there was an “untapped reservoir of intellectual capacity in the Nation’s disadvantaged groups” (70).

The notion of human capital was instrumental in stimulating the study of public health, as illustrated by the first national conference on health economics held by Selma J. Mushkin in 1962 and attended by Burton A. Weisbrod (Fox 1979). As with education, the nascent subfield of the economics of health attracted economists from different backgrounds. Mushkin and Weisbrod were influenced by the Wisconsin tradition associated with John R. Commons’s colleagues, Edwin F. Witte and Arthur Altermeyer, who had developed strong ties with medical researchers through their work on the social security programs of the 1930s and 1940s (Fox 1979). On the other hand, the microeconomic foundations developed by Becker (1962, 9) and Jacob Mincer opened the door to the study of public health questions, since “the many ways to invest include schooling, on-the-job training,” but also “medical care” and “vitamin consumption.” Their institutional network linking the Columbia Labor workshop, the

6. Daniel M. Fox (1979) argues that before the 1950s, economists had little interest in health care issues. However, the 1950s witnessed an increase of studies on the optimal allocation of medical and other health care resources. It is interesting to note with Victor Fuchs ([1974] 1999, 218) that before the 1960s, contributions by economists to such a field were published in non-economic journals.

7. Mushkin was working for the Social Security Administration in the 1930s and for the U.S. Public Health Service until 1960.
NBER, and the University of Chicago was instrumental in developing broad applications of this theory.

Victor Fuchs illustrates Becker’s influence at the NBER. As a program associate at the Ford Foundation in the early 1960s, Fuchs had supported six research projects in health economics, including Kenneth Arrow’s “Uncertainty and the Welfare Economics of Medical Care” (1963) and Herbert Klarman’s book *The Economics of Health* (1965). Upon Fuchs’s arrival at the NBER as a research associate in 1962, his health economics program initially faced criticism from Arthur Burns, then head of the NBER (Newhouse 1992; Fuchs 1994). Becker, on the other hand, encouraged Fuchs to persevere. When the program was launched in 1966, Fuchs hired Michael Grossman, a student of Becker’s who worked on the demand for health (Grossman 2004, 631). Interestingly, Fuchs also personified the line of reasoning that linked the notion of poverty to problems of health care. In 1965, as a consultant for the Task Force on Economic Growth and Opportunity, he proposed to set the poverty line at one-half of the median income.8

Fuchs was contacted by Olson’s team in charge of the social report and initially agreed to work on the chapter on health before turning them down in 1968. Despite this setback, Olson (1968e) managed to hire the Harvard economist Martin Feldstein to work on the determinants of life expectancy and the “degree of health.” A doctoral student at Oxford in the late 1950s where he had met Fuchs, Feldstein had addressed the issue of bed scarcity and resource allocation in British hospitals. There he had witnessed the debates over the British National Health Service, which arose from the controversial economic approaches of Dennis Lees (1961) and John and Sylvia Jewkes (1961). Reacting to these studies, Arrow (1963) criticized their use of the self-interest model, while the London School of Economics professor of social administration Richard Titmuss (1963, 18) attacked their belief in market efficiency and the American health care system, a “citadel of free enterprise medicine” (see also Fontaine 2002). Feldstein (1963, 26) responded that, despite its limitations, thinking health care problems in terms of allocation of resources would produce the most efficient decisions.

8. Contrary to the CEA definition, Fuchs’s did not set any absolute level. It was only a matter of luck that his poverty line was set to a level so close to the CEA proposition, since the median income in the mid-1960s was precisely $6,000. According to Huret (2008, 142–50), the statistician Mollie Orshansky did not agree with the relative definition of poverty, since poor people did not experience poverty by a simple comparison of their conditions of living to others’. Her definition of poverty was based on families’ budgets for food.
Efficiency in allocating resources was a major concern of Toward a Social Report, since the rising cost of care threatened the struggle against poverty.\textsuperscript{9} Moreover, the report drew a picture of the American health care system that did not match the country’s international stature. Compared with other countries, the United States ranked only sixteenth in terms of average life expectancy, a result of high infant mortality. Olson’s social indicator, “the expectancy of healthy life,” which subtracted the average days spent in hospital beds from the average life expectancy, confirmed this general assessment: it had not significantly increased since the 1950s.

Based on an implicit analogy between the hospital and the firm as a producer of health, the report criticized the economic incentives generated by the American health care system. It favored curative treatments at the expense of preventive care, which increased the cost borne by society (HEW 1969, 11).\textsuperscript{10} Reimbursement policies of insurance companies favored costly solutions, while reimbursement of hospitals on the basis of their costs did not provide the appropriate incentive to rationalize the practice of physicians and surgeons. To use Olson’s terminology, one could say that the latent group fell short of providing the optimal amount of collective goods. Implicitly, the social report echoed economists’ approach of health as a traditional (public or private) good. It reached the same conclusions as Fuchs’s about the importance of studying individuals’ behaviors and lifestyle.\textsuperscript{11}

Although the economic approach to health care issues was still not universally accepted in the late 1960s (see, e.g., Grossman 2004), economists’ insights into the efficiency of public spending in the health care system met the Johnson administration’s concern for rationalizing social policies. In this respect, the creation of Medicare in 1965, as well as the rising costs of care, stimulated the demand for research on such problems, inside and outside federal agencies (Rice 1974; Frenzel and McCready 1979; Feldstein

\textsuperscript{9} The prices of medical care were growing faster than inflation in the mid-1960s. To understand the recent growth of prices of the medical sector, the Johnson administration commissioned William Gorham to produce what is known as the Gorham Report (1967). The report called for a national conference on medical costs, which was held in June 1967 in Washington, D.C.

\textsuperscript{10} Toward a Social Report argued that physicians had little financial incentive to “avoid providing unnecessary care” (HEW 1969, 11). The report compared this system with ancient Chinese society, which was viewed to provide better incentives, since physicians were paid when people were not sick.

\textsuperscript{11} At the 1967 National Conference on Medical Costs, Fuchs (1982, 54) supported the view that “the greatest potential for improving the health of the American people . . . is to be found in what people do and don’t do to and for themselves.”
1995). As a consequence, “between 1962 and 1968 a larger number of professional economists, supported by increasing public and foundation funds, worked on problems of the health sector than ever before” (Fox 1979, 323). By the late 1960s the influence of economists had reached an unprecedented level.12

Health and education were not the only issues related to poverty on which economists sought to shed new light. Since the mid-1960s, rioting and other public disorders had made crime a major social concern.13 In 1965 President Johnson commissioned a report to study the phenomenon. Its conclusions supported the opportunity theory previously developed by Cloward and Ohlin. Experts concluded that “we will not have dealt effectively with crime until we have alleviated the conditions that stimulate it,” a conclusion restated by Johnson in his address to Congress in January 1967 (President’s Commission 1967, 15). This approach to crime was typical of the “penal-welfare paradigm,” as it was labeled by David Garland (2001): criminologists of the 1960s identified the gap between criminals’ hopes, nurtured by the apparent prosperity of American society, and their poor socioeconomic conditions as the main determinant of crime.

Compared with this “penal-welfarism,” the position of Toward a Social Report was ambiguous. The social report’s cross-disciplinary approach emphasized the need to consider crime as a complex phenomenon, but, as an economist well aware of the emerging economic literature on crime, Olson acknowledged the importance of cost-benefit analysis.14 He was likewise interested in the early econometric analyses of crime such as the labor economist Belton Fleisher’s (1963) study showing the positive effect of unemployment on juvenile delinquency. Although his work was

12. Fox (1979) takes as a symbolic example the policy conducted by the Bureau of the Budget regarding kidney diseases, which came directly from the results of a cost-effectiveness analysis by Herbert Klarman and Gerald Rosenthal. Fox (1979, 323) also claims that later, “the Congress accepted their recommendation that dialysis be financed by a variety of programs, with ‘major reliance’ for operating costs on Title XVIII of the Social Security Act.”

13. The number of riots rose sharply during the 1960s. Only 2 riots were counted in 1962, but the number rose to 9 in 1964, to 36 in 1966, and to about 135 in 1967 and 1968 (Myers 1997). The 1967 riots in Newark and Detroit were widely covered by the press and on television.

14. In 1967 Olson (1967a) asked the former Chicago economist Simon Rottenberg to send him his manuscript titled “The Economics of Crime and Law Enforcement.” Judging from his 1968 paper on the distribution of heroin, Rottenberg considered organized criminals as profit-maximizing companies. Organized crime was but one of many aspects of crime. The report of the president’s crime commission had noted that “the extraordinary thing about organized crime is that America has tolerated it for so long” (President’s Commission 1967, 209).
grounded in the self-interest model, his conclusions emphasized the “community problem” of unemployment. Another article analyzed the relationship between income and delinquency, which stressed the “economist’s view” of delinquency: “Decisions to engage in illegitimate activity seemed[d] interconnected with decisions about schooling, labor force participation, and even occupational choice” (Fleisher 1966, 118). Fleisher used a “taste for delinquency” to synthesize personality traits and family characteristics (race, family disruption, unemployment). He believed such a taste was close to the sociological concept of anomie, used in the Cloward and Ohlin study. Such a taste shaped the demand for illegitimate activities, whereas the supply of “delinquency opportunities” was given by the social environment. Interestingly, Fleisher’s results showed the significant effect of economic variables linked to individuals’ income.

While Fleisher was measuring crime, Becker was building a theoretical framework. As early as 1965 he thought of using a taste-based approach similar to Fleisher’s (Stigler 1965). George Stigler (1965), an early supporter of Becker’s analysis of social phenomena, liked the idea, but thought that an analysis devoted to showing in which conditions crime would pay would be far more interesting. Becker progressively moved toward analyzing the economic factors motivating criminal activities. In the meantime, he supervised Arleen Smigel Leibowitz’s master’s thesis, “Does Crime Pay?” (1965), which offered an econometric analysis of the effects of prison sentences on criminals’ choice of activities, and Isaac Ehrlich’s PhD dissertation, “The Supply of Illegitimate Activities” (1967), which formulated the economic choice of individuals between illegal and legal activities in terms of expected utility.

Yet Becker’s 1968 article went beyond analyzing an individual’s rational choice between legitimate and illegitimate activities. The main orientation

15. Note that this approach was very close to Becker’s 1957 analysis of discrimination, in which the “taste for discrimination” was a key concept, close to the psychological notion of “prejudice.”

16. In his 1968 paper on crime and punishment, Becker (1968, 176) wrote: “Some persons become ‘criminals’ therefore not because their basic motivation differs from that of other persons, but because their benefit and cost differ.” Here we see that Becker’s approach is different from his 1957 analysis of discrimination, in which individuals had different “tastes for discrimination.” This is evidence of Stigler’s influence on Becker’s thinking. A decade later, in 1977, they wrote together “De Gustibus Non Est Disputandum,” in which they claimed that all human behavior could be analyzed with the assumption of stable preferences. They described the economist’s work as the long and frustrating search “for the subtle forms that prices and income take in explaining differences among men and periods” (Becker and Stigler 1977, 76).
was a macro analysis of society’s losses induced by criminal activities. It answered a fundamental question raised by the Great Society programs and Toward a Social Report: “How many resources and how much punishment should be used to enforce different kinds of legislation?” (Becker 1968, 170). Supported by Leibowitz’s and Ehrlich’s econometric analyses, Becker’s conclusions stressed the deterrent effect of punishment.

Olson’s social report agreed with Becker’s conclusions: “Just as higher wages should attract more labor, so harsher punishments and greater probabilities of apprehension and conviction should deter more crime” (HEW 1969, 61). However, as a product of Johnson’s Great Society programs, Toward a Social Report had to consider the influence of individuals’ socioeconomic backgrounds, and here it recognized that socioeconomic deprivation was the major cause of crime. Thus the War on Poverty programs designed to promote education and social mobility would also prove useful by increasing the value of legal activities in relation to illegal ones. Reminiscent of Fleisher’s approach, Olson made the self-interest model fit the opportunity theory by emphasizing the benefits of legal activities, unlike Becker, who underscored the cost of illegal activities.17

Subsequent literature influenced by Becker’s research did not necessarily fit into the opportunity theory. Yet economists continued to analyze the economic incentives faced by individuals. Here the connection between Columbia, Chicago, and the NBER was important. While Becker was working on the theoretical model, Stigler and Fuchs were analyzing a related topic—the effects of the vehicle inspection on mortality—in reaction to the pioneering analysis of the Harvard epidemiologists Robert Buxbaum and Theodore Colton (1966), which gave birth to a literature on the optimal enforcement of laws in the 1970s (Stigler 1967; see also Becker and Stigler 1974).

The development of the economic analyses of poverty-related problems such as education, health, and crime suggests that, by the late 1960s, economists could present themselves as experts on social issues. While this work cut across the traditional boundaries separating economics from sociology, psychology, and political science, it offered theoretical

17. In another paragraph, the report’s criticisms against a policy solely focused on punishment can be read as social scientists’ criticisms of an economic approach to crime: “A crime prevention strategy that focuses only on punishment, prosecution, and policing is therefore not only insufficient in terms of the theory that is used to justify it, but in addition, neglects the cultural factors that must also be taken into account” (HEW 1969, 63).
underpinnings for important social policies. But how did sociologists, psychologists, and political scientists regard these attempts by economists to influence social policy?

The Reaction of Other Social Scientists

Growing concern for poverty as relative deprivation led many social scientists to study the question of social change through the development of social indicators, making Toward a Social Report merely one (although a significant) endeavor among many others. In 1964 a “manifesto” for social indicators was presented at the Russell Sage Foundation annual meeting, which led to the foundation’s Monitoring Social Change Project supervised by the sociologists Eleanor Sheldon and Wilbert Moore. The project culminated with Indicators of Social Change, a collection of essays devoted to the conceptual and methodological aspects of social accounting and published in 1968 (Gross and Springer 1967; Sheldon and Moore 1968; Ferriss 1979). At about the same time, NASA commissioned the American Academy of Arts and Science to think of ways to measure the impact of the space programs on social life, which resulted in Social Indicators (Bauer 1966a). Edited by the Harvard psychologist Raymond Bauer, the book gathered contributions by Bauer, the sociologists Albert Biderman and Robert Weiss, the political scientist Bertram Gross, and the psychologist Robert A. Rosenthal. This enthusiasm for social indicators caught the attention of Thorsten Sellin, a sociologist and editor of the Annals of the American Academy of Political and Social Science, who in 1967 coedited with Gross two special issues of the journal on social indicators (Gross and Springer 1967; Ferriss 1979). Judging from the number of contributions on this topic, it is fair to say that sociologists were the main protagonists in this movement, although a few political scientists and psychologists were also involved.

Some of those involved in this “social indicators movement” oriented their research to policymaking. For instance, Bauer, Biderman, and Gross considered that social indicators would measure social change relative to the goals of public policy and society in general (Bauer 1966b; Phillips 2005).

18. Gross worked for many years as a federal bureaucrat. He was part of the team responsible for the Employment Act of 1946 that created the CEA.

19. Bauer (1966b, 346) writes: “A society primarily bent on achieving military power would be interested in measuring different things than would a society bent on maximizing religiosity, aesthetic experience, or material comfort.”
More specific views regarding the goals of public policy were supported by the sociologists S. M. Miller, Martin Rein, Pamela Roby, and Gross (1967, 17), as they considered that social indicators measured a well-defined set of social phenomena directly related to the concept of poverty as “relative deprivation.” In addition to income, which was only “one of the dimensions of poverty,” they believed that social indicators addressed five additional dimensions: assets, basic services (such as health), education, political position, and status and self-respect, an approach reminiscent of *Toward a Social Report* (19).

As it was believed that government did not use the full potential of social scientific knowledge, some, notably Gross, lobbied actively for creating an annual social report similar to the Economic Report of the President.20 In some ways, the commissioning of *Toward a Social Report* answered that call, for it showed that the administration acknowledged the lack of relevant information about the social health of American society, the so-called domestic intelligence gap (Booth 1992), and it illustrated the growing faith of public decision makers in social scientific research (Moynihan 1999; Cravens 2004). However, members of the early social indicators movement were not put in charge of *Toward a Social Report*. Instead, the government turned to experts linked to RAND.21

Fortunately for the other social scientists, several proposals for new institutions to strengthen the relationships between social scientists and public policy were submitted to the Congress. One of them was Senator Fred Harris’s project to create a National Foundation for the Social Sciences (NFSS). According to Otto Larsen (1992, 74), the 1966 hearings, for the first time, brought numerous social scientists to testify before Congress on matters relating to their own disciplines. The resulting recommendations featured the “improvement of the relationship of social sciences and public policy” (74).22 Another important project came from Senator Walter Mondale, backed by Harris, who submitted the Full Opportunity and Social Accounting Act to the Congress in February 1967. The act called for creating a Council of Social Advisers (CSA) that would

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20. Gross had advocated the use of social indicators directly to high government officials and advisers, as well as in two papers in the journals *Challenge* and *Trans-Action* (Gross and Springer 1967; Springer 1970).

21. This move is reminiscent of the way the government turned to RAND rather than social scientists from the poverty network when Johnson launched his War on Poverty (see Huret, this volume).

22. For instance, it was recommended to hire a full-time social scientist assistant in the staff of each senator and member of the House (Larsen 1992, 74).
produce an annual social report to the president. The social report envisioned by Mondale echoed the work actually done at HEW by Olson. Its purpose was to assess the progress of society, but also to evaluate the effectiveness of social policy in meeting national social needs in various areas such as health, education, housing, opportunities, and crime. Finally, the CSA would recommend the most efficient allocation of resources to meet these needs (Congressional Record 1967).

Overall, the Mondale bill hoped to achieve something similar to the 1946 Employment Act, with a CSA and an annual social report directly modeled after the CEA and its economic report. Yet the way Mondale’s project framed the question of the use of social scientific knowledge for policymaking was ambiguous enough to lead some noneconomists to think that the CSA would be created in opposition to the CEA. The development of economic indicators and the relative success of economic policy to secure economic growth and employment had the negative effect of developing a “new economic philistinism,” that is, confusion between social goals and narrow economic objectives (Gross and Springer 1967, 218; Booth 1992). Some social scientists supported the CSA project because they found that economists and economic indicators had too much influence on social policy.

These social scientists disagreed with the way economists approached poverty-related problems. Because of their “imperialistic attitude,” economists were led to think that “all social problems can be reduced to units of the buck” (Abelson 1967, 997). Likewise, economists were attacked for their “stranglehold” on program evaluation, an important aspect of the future work of a CSA (Shostak 1978). Retrospectively, Shostak (1978) and Moynihan (1999) considered that Mondale’s political project was a move designed to offset the strong reliance on PPBS, which, in the eyes of many, including the sociologist Bell and Senator Harris, led to an emphasis on rationalizing social policies.

These comments raised the question as to whether economists could be regarded as social scientists. If social scientist members of the CSA were thought to produce a social report to offset the influence of the economic indicators produced by the CEA, then it was assumed that economists dealt with the economy, the progress of which was measured by these indicators.
economic indicators, while the other social scientists studied social issues. Could economists be part of the CSA and contribute to the annual social report? The Yale psychologist Robert Abelson (1967) and the sociologist Philip Hauser (1967, 993) implicitly argued against it. They supported the CSA because it institutionalized a boundary separating the economic from the social within the social sciences, at a time when social issues needed special attention. Although poverty had brought economists to deal with a variety of social issues, Abelson thought that disciplinary differences warranted different functions for the CSA.

Olson was of a different opinion. In a 1968 article written on the basis of his experience at HEW, where economists had contributed alongside other social scientists to the president’s social report, he emphasized that economics was “in a fundamental sense more nearly a theory of rational behavior than a theory of material goods.” Since the term “social” was the opposite of “individual,” not “economic,” economics shared with sociology a common scope (Olson 1968a, 99; 1968b). Informal reactions to Olson’s article showed that many social scientists accepted Olson’s rough depiction of the disciplinary boundaries. As the latter were only the outcome of historical and institutional developments within each social science, many agreed with Olson that “there [was] not and cannot be any non-arbitrary distinction between economic and social problems” (1968c, 3; see also Gans 1967, 984; Booth 1992). On this basis, Olson and others stood against creating a CSA. Poverty was a multifaceted problem that sociologists had a legitimate right to study, but it was also an economic problem. And creating a CSA would certainly bring confusion to the task of formulating policy recommendations. In a 1968 memorandum, Olson (1968c, 3) summarized the issue unequivocally: “Should advice about the problems of poverty come from a Council of Economic Advisers or a Council of Social Advisers?”

Olson’s portrayal of economics and sociology could easily be associated with the imperialistic attitude already alluded to. A member of the HEW’s panel of social indicators, the sociologist Otis Dudley Duncan attacked Olson’s belief in the overarching character of the maximization framework. It was “precisely the reason why we [the sociologists] cannot leave the whole game to the economists” (Olson 1969a). Important policy questions such as “what goals?” and “whose goals” needed a broader framework. Likewise, the economist Alice Rivlin concluded that the social report originated in the presence of sheer noneconomic phenomena (Olson 1969c). Thus, although many acknowledged that economists and sociologists shared a common scope, it did not follow that their scopes were not distinct.
Purely political reasons were also involved in the support for the CSA or the NFSS. Sociologists, psychologists, and political scientists envied the privileged position of the CEA and wanted their share of influence. The CSA could provide an opportunity to advise the president directly on social issues and to propagandize for specific social reforms oriented toward the most disadvantaged groups. These motivations did not go unnoticed by economists, Rivlin (1968) seeing in the support for Mondale’s project an attempt on the part of social scientists to form a lobby. A CSA would give greater visibility and influence to social scientific research, which would, in turn secure future public funding (Booth 1992).

The struggle between economics and other social sciences, notably sociology, was a two-edged sword. Their critique of the influence of economists over social policy notwithstanding, sociologists were far from convinced that they could formulate accurate policy recommendations on their own. For instance, the sociologist Albert Reiss (1970) believed that sociology was perhaps too focused on psychological issues rather than organizational ones, and was therefore unable to forecast the aggregate effects of individual behaviors and the consequences of public intervention on the society. This had obvious implications for social accounting. Sociologists were doomed to “opt for an unusually large number” of indicators, whereas “it would be nice if one were able to settle upon a relatively small number predicated on a theory such as appears to be the case for economics” (Reiss 1970, 292).

These criticisms supported Eleanor Sheldon’s view of social indicators as descriptive social statistics to measure social change, not as a problem-solving framework for the specific goals of social policy advocated by Gross, Bauer, or Miller. For Sheldon, social indicators had been over-sold. She was highly critical of Toward a Social Report and did not share Olson’s optimistic appraisal of the research potential of this field (Sheldon and Freeman 1970). Her critique concurred with Karl Taeuber’s (1970) negative review of Olson’s report, according to which the book offered meaningless social indicators and no theoretical framework for

24. These motivations were illustrated by Senator Harris’s (1967, 1088–89) complaints about the imbalance of the support of disciplines among the social sciences: whereas political science ranked second behind economics in terms of faculty members, it received only “token support.” Harris promoted the NFSS as a way to bring back some form of balance for the funding of political science.

25. According to the political scientist Itzhak Galnoor (1971, 7), “Advocates of social information are accused of selling perfume in open bottles: they can persuade others that they have something to offer (and it smells good) but they are unable to produce evidence.”
further developments, despite its claims as a systematic study. Building such a theoretical framework was premature, since, unlike economics, social theories were not organized into a coherent body of knowledge. On the other hand, she didn’t consider welfare economics as the relevant framework and attacked the “balance sheet” approach to social accounting as epitomized in Toward a Social Report. The cost-benefit evaluation of programs as well as the determination of goals for public policies ranked among the three “impossible uses of indicators” (Sheldon and Freeman 1970, 99). When testifying before Congress on the Mondale project, she and her Sage Foundation colleague Wilbert Moore agreed with Duncan that no set of social indicators would satisfy the requirements of public policy (Sheldon and Moore 1967, 998).

Sociologists such as Reiss (1970) acknowledged that for problem-solving purposes, sociology could not easily match economics and, to some extent, political science, since it didn’t use the concepts of costs, benefits, and trade-offs. In the early 1970s, sociologists as well as political scientists were aware of the inability of their theoretical framework to predict the destabilizing social movements of the 1960s, which questioned the relevance of structural functionalism, the most influential paradigm in sociology (Orlans 1971; Smith 1997). Meanwhile, this criticism supported economists’ imperialistic view of the overarching character of their approach. Given that Olson considered policymaking as the shaping of the structure of individual incentives, structural functionalism, which did not use the economic concept of opportunity cost, could hardly derive interesting solutions. To Olson (1970, 124), this was the root of the power of economics over the other social sciences and explained why the economists were an important asset for the decision maker. Interestingly, while

26. This idea was already expressed in The Logic of Collective Action (1965), in which he had demonstrated that any large group of individuals fell short of providing the optimal amount of public goods unless the group developed a system of selective incentives and coercion to eradicate free riding.

27. Olson (1970, 124) writes: “The principal point is, rather, that they [the social issues] cannot be assessed intelligently without either explicit or implicit use of the concept of opportunity cost, and therefore cannot be understood properly in terms of at least most structural-functional paradigms.” Taking the example of the study of the role of superstition in a primitive society, Olson argued that “superstition may be functional in a tribe, because it increases tribal solidarity, or the like. But what is the cost of this superstition in terms of the erroneous understandings of cause-and-effects relationships that it creates?” (123). Olson’s concern for the efficient allocation of public resources made him push the Parsonsian sociologists away from the policymaking. The only relevant framework was based on the concepts of public goods, externalities, and opportunity costs.
the Mondale bill was discussed before Congress in the early 1970s, it eventually failed to pass the House of Representatives.

Conclusions

It is generally argued that the expansion of economics outside its traditional boundaries stems from Lionel Robbins’s (1932) definition of the discipline as the study of allocating scarce resources among competing ends (Goldthorpe 2006; Medema 2006). However, these accounts fail to explain why economists waited almost thirty years to use microeconomic tools to study “noneconomic” phenomena. Our approach suggests that beyond the pure intellectual reasons for such a development, there were more practical reasons linked to the increasing involvement of government in society.

In the 1960s public concern for poverty made it possible for economists to enjoy greater involvement with social policymaking. Poverty was a multifaceted issue in which economic and social issues such as education, public health, and crime were intertwined. The influential position of economists in Washington provided an opportunity to use the emerging economic analysis of social issues that was being developed at Chicago, Columbia, and elsewhere. Economists’ ability to formulate cost-effective policy recommendations fit into the creed that lay behind the Great Society program, based on rational policymaking and scientific inquiry. Debates on the possible creation of a CSA brought to the forefront the widespread belief that it was almost impossible to separate the economic from the social. In addition, most sociologists were unwilling to get involved in social policymaking because of the perceived limitations of their theoretical framework for problem-solving purposes. These developments had two effects on the work of economists: it left room for them to advise on social problems, and it fostered the imperialistic attitude of some of their peers, such as Olson (1970) or Becker (1976), who came to believe that economic theory was the most relevant framework for addressing social issues.

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