

Should the American Economic Association Have Toasted Simon Newcomb at its 100th Birthday Party?

William J. Barber

Some might be inclined to dismiss the question posed above as preposterous. After all, Simon Newcomb (1835-1909) thought of himself primarily as a mathematician and astronomer, not as an economist. He was never a member of the American Economic Association. Indeed, the moving spirit behind the founding of the association in 1885—Richard T. Ely—insisted then that a central objective of the organization should be to fight the influence of “the Sumner, Newcomb crowd.”¹

What then are Newcomb’s qualifications for posthumous recognition? Part of the case for such attention might be built on his contributions to the discipline of economics. Though economics was always a secondary intellectual interest, his writings on the subject had won him a place as a major figure in the discipline by the early 1880s. His textbook, *Principles of Political Economy* (published in 1885), developed a version of the quantity theory of money, including proposals for stabilizing the price level, that anticipated Irving Fisher’s approach to the equation of exchange. Fisher was aware of the significance of Newcomb’s work and James Tobin (1985) has drawn attention to it more recently. But if Newcomb’s candidacy for belated official honors rested solely on these grounds, it would be difficult to sustain an argument that he should be accorded special treatment. Justice would demand that the claims of others in his generation, men who wrote on economic matters but who did not define

¹ Richard T. Ely to Albert Shaw, May 7, 1885, quoted in Hawkins, Hugh, *Pioneer: A History of the Johns Hopkins University, 1874-1889*. Ithaca: Cornell University Press, 1960, p. 181.

■ *William J. Barber is the Andrews Professor of Economics at Wesleyan University, Middletown, Connecticut.*

themselves principally as economists, should also be reviewed. That task might easily become unmanageable.

A stronger case for toasting Newcomb rests on his contribution to Ely's organizational initiative. In 1884, both men were on the faculty of the Johns Hopkins University, an institution founded in 1876 for the primary purpose of promoting postgraduate studies in the United States. Newcomb occupied a professorial chair in mathematics; Ely held the title of "associate" in political economy, an untenured position. In their approaches to political economy, the two men were at opposite poles. Ely, writing from the German historical perspective, challenged laissez-faire and called for the scholar to be engaged actively in setting the world to rights. In his vision, economics should be purged of doctrines linked to natural laws that were beyond human manipulation and of conclusions arrived at by deductive procedures. Newcomb, on the other hand, drew inspiration from Britain's William Stanley Jevons and championed the value of mathematical procedures in economic inquiry. Though a staunch advocate of the benevolence of the invisible hand, Newcomb maintained that economics should aspire to become a positive science, free of contamination by normative judgments. The two men operated from different departmental bases at Johns Hopkins; nevertheless, the terms of their coexistence within the same institution became a matter of contention in the mid-1880s.

Warfare broke out between them in 1884. Ely fired the opening gun in an essay attacking the sterility of the methods of the "English" school. He asserted that "mathematico-economic works" represented "a not very successful attempt to develop further the older abstract political economy" and that "works which have advocated the application of mathematics to economics form no essential part of the development of economic literature" (Ely, 1884, p. 60n.). Newcomb's ire was aroused and he asked Daniel Coit Gilman, president of Johns Hopkins, for "an opportunity to say a few words about your department of political economy before the impulse which has been given me by Dr. Ely's pamphlet entirely dies out. It looks a little incongruous to see so sweeping and wholesale an attack upon the introduction of any rational or scientific method in economics come from a university whose other specialties have tended in the opposite direction."² Newcomb went public with his indictment of Ely's position in *The Princeton Review* of November 1884, characterizing Ely's work as an example of fundamental intellectual confusion and as an "irrational" proceeding.

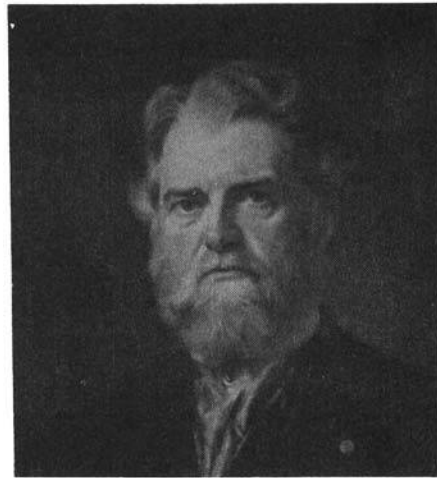
For Ely, more was at stake in these exchanges than the outcome of a methodological battle (*Methodenstreit*, in the lexicon of the time). He feared that his survival as a member of the Johns Hopkins faculty might be in jeopardy. Newcomb had status within the university's power structure and was clearly the more distinguished in the eyes of the wider academic world. However, in his efforts to bolster his position on the local scene, Ely could draw on resources that Newcomb could not match. He had

² Simon Newcomb to President Gilman, May 14, 1884. Gilman Collection, Special Collections, Milton S. Eisenhower Library, Johns Hopkins University.



Richard T. Ely

Photograph from Richard T. Ely, *Ground Under Our Feet* (New York: The Macmillan Company, 1938. Reprinted by the Arno Press, 1977).



Simon Newcomb

Photograph courtesy of the Ferdinand Hamburger, Jr. Archives of The Johns Hopkins University.

influence over an able and articulate group of graduate students who could defend his position—and they did so, depicting Newcomb as an amateur who lacked competence to comment on economic affairs.³ Ely could also mobilize extramural support through his access to a network of German-trained younger economists.

Ely's decision to launch the American Economic Association in 1885 contained an element of opportunism. When Edmund Janes James and Simon Patten of the University of Pennsylvania failed in their attempt to organize economists of the "new school" in a Society for the Study of National Economy, Ely seized the initiative. He was well aware of President Gilman's propensity to look favorably on members of the Johns Hopkins faculty who promoted the name of the young institution before the national scholarly community. (Johns Hopkins, in fact, played a pioneering role in the founding of scholarly journals and societies in the 1870s and 1880s.) Ely later wrote that the organization of professional associations was the "sort of thing . . . in the air at the Johns Hopkins and was encouraged by the authorities" (Ely, 1938, p. 135). For his part, he took pains to keep "the authorities" apprized of his activity. Writing to Gilman in July 1885, he observed that proposals had been "submitted to a large number of the younger economists of the country and favorable replies have been received in every case with no exceptions." Ely foresaw the makings of "an influential movement" and one which he trusted would "benefit the Johns Hopkins University."⁴

³ One of them characterized Newcomb's approach to political economy as that of an "astronomer who *has* seen the stars, and nothing else, all his life" (Shaw, 1885, pp. 210–11).

⁴ Ely to Gilman, July 11, 1885. Gilman Collection, Special Collections, Milton S. Eisenhower Library, Johns Hopkins University.

This academic entrepreneurship certainly did him no harm in his bid for reappointment at Johns Hopkins.

Although Newcomb was isolated from the newly-formed national organization of economists, he was still not silenced. The two men re-aired their differences publicly in 1886 in *Science* (the journal of the American Association for the Advancement of Science). Both then restated familiar positions. Ely maintained that concern with what ought to be was inherent in the work of the political economist; that economists should seek to understand the “laws of Progress” and to show how they could be directed to promote the economic and social growth of mankind; and that the ethical ideal was “simply the Christian doctrine of talents committed to men, all to be improved” (Ely, 1886). Newcomb, on the other hand, maintained that it was a “contradiction in terms” to regard discussion of what ought to be as “science;” that the principle of “non-interference” in economic affairs also favored progress, but sought its achievement by giving individuals the widest possible latitude for choice; and that public intervention was suspect because governments were incapable of acting on “sound business principles” (Newcomb, *Science*, 1886). In an unsigned review of Ely’s book, *The Labor Movement in America* (1886), Newcomb was even more outspoken in his denunciation of Ely’s work, saying it displayed a “lack of logical acumen” and an “intensity of bias.” Newcomb concluded with the following comment: “Dr. Ely seems to us to be seriously out of place in a university chair” (Newcomb, *The Nation*, 1886). Newcomb also informed Gilman privately of his negative appraisal of Ely’s competence, advising him that “very little attention [was] paid to the analytic process” in Ely’s teaching at Johns Hopkins.⁵ After observing the performance of Ely’s graduate students (whom he had been asked to examine in May 1886), Newcomb reported that “the main teaching seems to have been directed toward the administrative and economic policies of the leading countries of the world, especially Germany.” In Newcomb’s judgment, “the candidates showed an almost deplorable want of training in the power of logical analysis of the economic theories that move men and determine the course of our industry at the present time . . . [T]hey were amply able to grapple with the subject, had it only been presented to them, but that was quite new to their minds.”⁶

On the local scene, Ely nevertheless won the skirmish of the mid-1880s and was appointed to an associate professorship for a three-year term in 1887. He was not successful, however, in his push for appointment to a permanent professorship five years later. Ely felt slighted by Gilman’s refusal to advance his status and left for the University of Wisconsin.⁷ But over the long run, who won the war touched off by

⁵ Newcomb to Gilman, May 28, 1886. Gilman Collection, Special Collections, Milton S. Eisenhower Library, Johns Hopkins University.

⁶ Newcomb to Gilman, May 24, 1886. Gilman Collection, Special Collections, Milton S. Eisenhower Library, Johns Hopkins University.

⁷ When Ely informed Gilman that he had an offer in hand to go elsewhere, and requested advancement in his position at Johns Hopkins, Gilman advised him to make his decision about another position “on its merits.” (Gilman to Ely, January 4, 1892. Gilman Collection, Special Collections, Milton S. Eisenhower Library, Johns Hopkins University.)

the Newcomb-Ely *Methodenstreit* of a century back? In light of the ascendancy of the methodological principles for which Newcomb stood, there appears to be little doubt about which of the disputants of the 1880s would feel more comfortable in the atmosphere of the American Economic Association of the 1980s.

No doubt some type of national organization of economists would have emerged in late 19th-century America. But both the timing and the early shape of the American Economic Association owed something to the ethos of Johns Hopkins in the mid-1880s and to the tensions between Newcomb and Ely over the correct approach to economic inquiry. Ely's initiative in organization-building served a public interest, but it also served a private one. Simon Newcomb may now be entitled to some overdue recognition for his role as an unwitting catalyst in the formation of the American Economic Association.

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