

The Historical Development of the
Department of Economics at Iowa State University, 1869-1928*

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This is Heady Hall, the location of the Economics Department of Iowa State University. Named in honor of Earl O. Heady it stands as a tribute to one of the world's foremost agricultural economists and the home of one of the nation's leading economics departments. What led to this department's growth? Who were the people that contributed to its growth? Let's look back to the beginning.

In 1858, the Iowa Legislature realized the need for a college to educate the children of working people. Its name was to be Iowa Agricultural College. In addition to agricultural subjects, training was to be offered in Engineering Science and Veterinary Medicine. After 1872, a Domestic Economy course would be offered for women. Iowa State was the first land-grant college to admit women.

After a delay caused by the Civil War a search was begun to find the man most fit to head the new institution. A committee was organized and given the task of finding him. They found the man they wanted in Florida. He was, at the time, serving as a United States Senator. His background was not in politics though it was in education. He had graduated from the University of Michigan in 1846. After graduation he attended law school and was admitted to the Michigan Bar. He organized and administered two schools in Michigan. Ill health caused by his overwork forced him to retire to Florida. In 1867, he

* Historical information was obtained from the Office of the Registrar, Special Collections, Economics department files, personal interviews, and informal histories written by I. W. Arthur (Development of the Field of Economics at Iowa State, 1858 to 1958) and G. Shepherd (History of Economics at ISU).

was elected to the Senate. Many considered Adonijah Strong Welch to be the man best suited to lead the new school in Ames.

Under his leadership, Iowa Agricultural College flourished. In addition to his duties as president, he taught a variety of courses ranging from psychology to physical education and included political economy. This was the first and for several years the only economics course offered at Iowa Agricultural College.

The first class graduated in 1872. In this class was an amazing young man, Edgar Williams Stanton. He graduated with a Bachelor's Degree in Engineering and was immediately hired to teach Mathematics and English and he assisted President Welch in Political Economy. The text used was Perry's book entitled Political Economy. In 1877, just five years after he received his Bachelor's degree, he became a full professor and head of the Department of Mathematics and Political Economy.

Stanton spent his entire career at Iowa Agricultural College or Iowa State College of Agricultural and Mechanical Arts, as it was later called, finally retiring in 1920. "Stantie" as he was called filled many roles including dean and serving as acting president three times. He was popular among all members of the college community and did not mind the ribbing he received in the cartoons and poems which appeared in the annual BOMB.

Stanton had interesting characteristics. Here we see an example of the code he used for recording grades.

The Campanile which stands at the center of the Iowa State campus was originally built as a memorial to his wife, Margaret McDonald Stanton.

Under Stanton, the course offerings in Political Economy were expanded and in 1902 Benjamin H. Hibbard, a former student of Stanton's, was hired as an instructor.

There were then five courses in the Department of Economic Science:

The History of Political Economy

Economic Problems

Outlines of Economics

Money and Banking and

Finance

The texts include Taxation in American States and Cities by Ely, under whom Hibbard had studied at Wisconsin. Adam's Science of Finance was used as were selected works by Seligman.

As stated in the college catalog, the purpose of these courses was "to train the student to observe and study the general facts of industry. Economic theory was presented as the formulated truth of industrial life".

In 1906 Benjamin Hibbard became a full professor and department head succeeding Stanton. The 1906 catalog stated the department's purpose:

"Economic Science has become a well recognized part of almost all scientific and technical education, because it has made itself useful in investigating and interpreting (sic) the material phenomena and facts of every day life. Economic theory is taught as the generalized truth of economic life; inductive methods are given first place, deduction being used with caution."

The number of courses increased as did the number of students enrolling in Economics courses. In 1906, there were eight courses in the department including the first

course in Agricultural Economics; it was in the Science Division as had been all previous Economics courses.

All eight courses in economics were taught by Hibbard. Outlines of Economics, Economic Problems, Money and Banking, Finance, Industrial History of the United States, American Labor, and Agricultural Economics. It was this overwork that moved him to send this note to President of the college A. B. Storms. The note reads ...

"Replying to your communication of the 12th. I will say that the department of Economic Science has grown about as large as it can under existing conditions. I am teaching seventeen hours per week which is more than can be done satisfactorily considering that a considerable part of this work necessarily consists of lectures which need much preparation.

There is an immediate demand for economic study and research in connection with agriculture and at present I am giving a course to some twenty agricultural students. We call the course "Agricultural Economics", not that economics is any different here from that in other fields, but there are a large number of agricultural problems which are plainly within the field of economics.

To recur to the question of teaching, I will say further that many of my classes are too large, reaching fifty, sixty and even more. Some of these sections should be divided as thirty is large enough for a class if the best of results are to be expected.

In view of the foregoing facts, I feel justified in asking for an assistant."

Fortunately Hibbard got the assistant he requested.

Hibbard made other contributions to the student body as well. President Beardshear encouraged students to become active members of numerous literary societies whose members engaged in debates and public speaking. Literary societies had been organized as soon as the college started operating. Hibbard made a significant contribution to the economic enlightenment of the student speakers and debaters in the literary societies and debate teams.

It was under Hibbard that Iowa State's economics department began to gain national recognition. Hibbard had made a major contribution to the federal census of 1910. Hibbard was the first well-trained economist to be employed on the Iowa State Campus. From 1904 to 1930 he was widely recognized as a competent and productive leader in Agricultural Economics. Also, Dr. Hibbard assisted in the formation of the American Farm Management Association. This organization was formed in 1910 in Alumni Hall on the Iowa State campus and later evolved into the American Agricultural Economics Association.

The 1908 catalog listed thirteen courses in the Department of Economic Science and a new instructor, John E. Brindley.

John Brindley had earned his Bachelor's and Master's, degrees at the University of Wisconsin. He earned his PhD from the State University of of Iowa in 1911 and became department head in 1912 when Hibbard left to return to Wisconsin.

Brindley was noted for his work in the area of taxation. His was the first systematic effort to apply the social sciences to actual social problems. He soon became nationally known for his work in the field. He frequently served as a consultant to legislative committees and state administrators. Most notably was his work in the tax

reorganization of 1923. His two volumes on the History of Taxation in Iowa were unprecedented.

Brindley was able to continue the growth of the department and he was able to bring about changes as well.

In 1913 the department offered for the first time a four-year undergraduate major in Economic Science as well as a Master's degree. Thirty courses were offered; Brindley had two assistant professors and a nonresident lecturer assisting him. These men were: C. B. Williams, who was hired to teach Hibbard's Agricultural Economics course; George Von Tungeln, who taught Rural Sociology; and Ole Henderson, a non-resident lecturer. With a wider range of course offerings the department hoped to attract students from all departments of the college.

The department's name changed in 1914, it became the "Department of Applied Economics and Social Science".

The 1914 catalog also introduced a program in Farm Management under the direction of Harlan Munger. This was the beginning of the Agricultural Economics department. Eventually the existence of an Agricultural Economics and a General Economics department led to rivalry between the two.

1915 was the first year Iowa State granted a Master's degree in Economics. The recipient was Horace B. Hawthorne. That year the Agriculture Division began offering a five-year degree in Farm Management. It was also the year John Ise joined the staff and the National Smith-Lever Cooperative Extension Act was passed; this provided a new cooperation between the state extension services and the USDA. The next year Sam Thompson became the department's first extension agricultural economist.

In 1917 Dean of Agriculture C. F. Curtiss hired E. G. Nourse. Nourse was well trained in general Economics as well as Agricultural Economics. His bachelors degree was earned at Cornell University and his PhD came from Chicago in 1915. He had solid experience in research and administration. Nourse proved to be a highly talented as well as popular economist and administrator. He instituted a well-rounded and well-balanced program encompassing the different aspects of the field of Agricultural Economics. He was hired to develop advanced courses and direct research in Agricultural Economics, but he went on to accomplish much more. Under his guidance Agricultural Economics, Farm Management, and Rural Sociology were consolidated into one unit, the Department of Agricultural Economics and Rural Sociology in the Division of Agriculture, of which he was head. Due to his leadership ability the department grew rapidly. When he began, he had only four staff members. By 1923 that number had reached 25. In 1925, the department offered a PhD degree in Agricultural Economics. Nourse was responsible for hiring C. L. Holmes, John Hopkins, Frank Robotka, and George Fuller. Fred Garlock was brought in to the staff for the money and banking and finance area.

Nourse angered Iowa farmers when in 1920 he predicted a price drop for farm products. That decline came in 1921 and Nourse received blame for causing it by his prediction. There was a boom in cooperative marketing after WWI. Mr. Nourse met the demands in this area by having staff members trained in marketing extension work in the fields of livestock, grain, dairy products and poultry.

Nourse departed in 1924 to take a position at the Brookings Institution and in 1946 under President Truman became the first chairman of the President's Council of Economic Advisors. Before he left Iowa State, several important programs began. For example, the

Extension News Service which grew into WOI started, the Rural Economics Club was created and the "Outlook" program began.

Nourse's departure made way for C. L. Holmes to become head of the Agricultural Economics Department. C. L. Holmes joined the staff in 1920. Holmes had completed an extensive analysis of different types of farming in different areas of Iowa while on staff at Iowa State. In the late 1920s a controversy arose. Iowa State had essentially two economic programs; Agricultural Economics under Holmes in the Division of Agriculture and Economic Science still under Brindley in the Division of Industrial Science. Both departments had grown greatly but each felt the other department had infringed upon its discipline. The departments competed for funds and personnel to the benefit of neither department. After several years, President Hughes realized something had to be done. After a brief, albeit unpleasant, internal power struggle, the two departments were united under the leadership of A. G. Black in 1929. The two departments united and became even stronger after the merger.

Entering the staff during the 1920s were Geoffrey Shepherd, Elizabeth Hoyt and William Murray.

Shepherd recalled that he began on a scholarship of \$75 a month and in the fall of 1925 after receiving his Master's degree being hired full time for twice his previous salary, \$150 a month.

Elizabeth Hoyt's professional contributions to Iowa State and the discipline cannot be overlooked. Hoyt received her PhD degree from Harvard in 1925. She laid the groundwork for the Consumer Price Index used today. Hoyt was the author of five books and numerous professional papers on economics and was listed in the first edition of "Who's Who of American Women" in 1954. She remained on the Iowa State Faculty for

55 years and during that time gained international recognition and honors for her scholarly work. She developed a strong love for the University and its students. Upon her death she bequeathed \$800,000 to Iowa State, the largest amount ever bequeathed by a faculty member.

Also during the 1920s, Iowa State staff members were already participating in a new field of economics, specifically "econometrics". Geoffrey Shepherd, Charles F. Sarle and John A. Hopkins did some empirical work on the statistical estimation of demand and supply curves for agricultural products.

The historical development of the economics department at Iowa State was unique in that the Agricultural Economics program began in the Science division. Most Agricultural Economics programs in this country began as "farm records" or "farm management" in the Agricultural division.

The Agricultural Economics and General Economics departments had grown very quickly in just 60 years - going from one course in 1869 to over thirty in 1928. During this time, the departments gained state and national recognition for their pioneering work in tax policy, cooperative marketing, extension agricultural research and econometrics. In 1869, there had been one part-time economics instructor and one political economy course; in 1928, there were 2 economics departments with a combined staff of 20: 5 professors, 2 associate professors, 3 assistant professors, 3 instructors and 7 extension workers, and 618 undergraduate students majoring in agricultural economics and economic science. The department's early growth, productivity and success are attributable to the fine staff and excellent leadership of the department heads. Hibbard, Nourse, Brindley and Holmes were major innovators and instilled high standards of academic excellence resulting in Iowa State's reputation as an outstanding institution for

graduate training and research in economics. These men wrote books which were classics in their fields and they founded organizations, institutions and traditions. The success of the modern day economics department at Iowa State is, in large part, a direct result of the foundation and standards established in these formative years.