



Preliminary Report on the Possibilities of a Proposed Institute to Advance Research in the Economics of Land, Taxation, and Free Enterprise
By Dr. Mason Gaffney

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PRELIMINARY REPORT
on the
**possibilities of a proposed Institute to advance Research
in the economics of land, taxation, and free enterprise**

OCTOBER 31, 1961

M. MASON GAFFNEY, Consultant

1610 Wilson Avenue
Columbia, Missouri

This Preliminary Report is submitted to the Interfoundation Committee
solely for its use and disposal.

- I. Some basic objectives of a proposed Interfoundation Institute for Economic Research
 - a. To reconsider the case for land value taxation and free trade (in the fullness of the terms) in the light of post-Georgeian economic thought, experience and evolution of economic systems and problems.
 - b. To promote understanding of the distinction of land from produced capital, the importance of land and its implication in most phases of economic life, and the possibility of according different policy treatment to land than to produced capital.
 - c. To promote an intellectual climate in which economic thinkers will be willing to open their minds to fair consideration of the case for land value taxation and free trade (henceforward "lvtt").
 - d. To develop an authoritative body of literature, and a group of men capable of producing a continuing flow of literature in the current idiom, ably relating land policy to economic issues held most important by most economists.
 - e. To open avenues by which economists can arrive at consideration of lvtt from every point of the ideological compass and every quarter of the present landscape of professional interests. To arouse the latent sympathy and interest many economists already have in this field and orient their energies in this direction.
 - f. To project a new image of land tax economists in the academic and intellectual worlds, as being in and of those worlds, conversant with their major concerns and aspirations, and capable of deep, two-way communication with other economists and intellectuals.
 - g. To complement other branches of the land tax movement by arming their enthusiasm and dedication (or selfish interest, as the case may be) with objective factual studies, critical analysis, professional consultation, sophisticated argumentation, and, where need be, with caution and circumspection.
 - h. To pioneer new research concerning the relations of men to land and, through land, to one another.

II. Means to the Objectives

a. Association

An important first step is to bring together in one location and for one set of objectives a number of workers who share an interest in lvtt. Research is a lonely existence at best, and the human longing for companionship and shared experiences leads most researchers to become embroiled in the matters that most exercise those they see every day at lunch. A man who spends one hour a day

thinking about lvtft can be converted into an eight-hour man through the stimulus of association.

There is a corresponding danger of withdrawal into a cult, which would defeat the purposes of the proposed institute, but at present that danger is small compared to the large benefits from bringing together individuals who for years have had to work substantially alone and have stored up within themselves, so to speak, a surplus of the benefits that come from meeting hostile viewpoints, which surplus could now be fructified by complementation with the benefits, long denied, of stimulus from those of sympathetic viewpoint.

b. Research

1. The research lag

There is an acute need to overcome a serious lag in current fundamental research, both factual and conceptual, related to lvtft. It is almost impossible to meet the thinking of living men in 1961 with the thinking of 1879, however prescient and inspired, especially in a field so attuned to current conditions as economics. It is difficult to meet the thinking of current theorists with arguments levelled at classical economists using terms that have grown archaic, and waxing hot over issues of another era.

It is necessary to restore land to the central place in economic thinking it held under Ricardo, and land policy to the status it had in the times of the Northwest Ordinance and the Homestead Act. It is necessary to delineate the key role of land in those economic issues, theoretical and applied, that have demonstrated the highest capacity to command the attention of the public and the profession. (Specific research topics are suggested later.)

2. Research and Teaching

I do not recommend orienting research toward developing teaching programs. Proponents of lvtft are not ready for that. The old dogmas were taught, they had great merits, yet they did not prevail and indeed barely survive in the academic world. Desirable now is a reappraisal of the old ideas in the modern context. It is time to entertain criticism, to separate the wheat from the chaff in the old dogmas, to regroup our intellectual forces and devise new and more powerful analyses. We need do this not only for ourselves but to give the world evidence that the spark of free inquiry and creative endeavor is not dead within us. We need to do this to find new points of entry into the thinking processes of the majority of economists.

When we have done some fresh thinking, and subjected new ideas to the test of journal debate, it will be time to try to consolidate or codify, so to speak, the ideas into a teaching program. If our research efforts are successful they will find their way into the teaching programs of others. Our resources are a very small share of the total devoted to economic research and education. The only hope of having a major impact is to produce seminal ideas. (The research-teaching issue is further discussed later.)

3. Resident and Grant Research

The core research should, if possible, be done by resident staff. It is desirable to farm out some research also to grantees. This serves at least two purposes. First, the best man for a job may not be a staff member. Second, the fact that your organization is known to grant research funds magnifies the influence of its members (assuming the research staff have a voice in the grants, which is strongly recommended.) Resources for the Future, Inc., a Ford Foundation subsidiary, is suggested as a model. Its personnel are invited to visit departments of Economics and Agricultural Economics at every opportunity, ostensibly to give seminars. They edit books which R. F. F. helps publish. Scholars take time from their other pursuits to prepare prospectuses calculated to commend themselves to the viewpoint of R. F. F. personnel. Yet R. F. F. actually does not give very large grants.

The hunger of many University Professors for research grants, and the lengths to which they will go to attract them, must be experienced to be appreciated. Some seek grants to free themselves for research; others, probably the majority, for prestige and advancement. In making grants of course, these types must be carefully distinguished. But in reaping the benefits that go with the reputation of being a granting agency, both types are useful. Marshall's adage is worth remembering here: "When an occupation offers a small number of high prizes, its attractiveness is increased out of all proportion to their aggregate value." A granting agency does not suffer under the social opprobrium that attaches to gambling casinos, but it can employ the same principle to magnify the effectiveness of the funds at its disposal.

Whenever possible, the grantee should do his work in residence at the Institute, in order to share ideas with the resident staff as his work progresses. He doubtless has something to contribute to the staff, and more important, his daily contacts with staff members permits them to exercise an influence on his thinking and work that cannot be exerted by formal remote controls.

4. Individual and Group Research

The process of creative thought is essentially something that takes place inside the brain of an individual, and it is recommended that no conscious effort be made to contrive group "projects". Free association among individuals with a common interest in lvtft will permit productive cooperation between those who see a need for it. Outside of a common interest in lvtft it is desirable that there be great diversity of interests among staff members: one interested in land economics, another in international trade, a third in public finance, or macro-economics, and so on, in order to maximize the number of avenues opened between the Institute and different segments of the economics profession.

b. Storage and Accessibility of Research-Generated Information.

The most important, current, and communicable research results should be published as soon as possible. But published research, if good, is usually the culmination of a long sifting process. The cast-off siftings are a valuable by-product like old mine tailings, often worth working over later when the value of the cast-offs becomes appreciated. A well-catalogued file of such materials would quickly become an unusual and valuable resource for researchers, especially when kept in conjunction with the more obviously valuable published materials, and the published source materials used in the course of research. And a library once established attracts all manner of interesting material. The Bancroft Historical Library at Berkely, for example, contains the papers of Judge Jackson Ralston, the gift of Mrs. Ralston, describing the single-tax campaigns he captained in the 1930's. It probably will soon contain the valuable collections of J. Rupert Mason. For their basic and general library needs, Institute staff should depend on a large university library. Library funds of the Institute should be concentrated on building a highly specialized collection, outstanding in its field. The Institute should capitalize on this resource by becoming known as the most reliable source of information in its field. The prestige of the National Bureau of Economic Research was built largely on extensive collection of facts. Unfortunately, the Bureau has never collected many of the facts that we consider of paramount importance, but that means there remains this means by which we can enhance our prestige while simultaneously deriving and disseminating the information we deem most important.

c. Communication of Results

1. To the uncommitted intellectual world

a. Writing

Writing remains the prime means by which elusive ideas are grasped,

recorded for others to examine at leisure, and given a material form that can be duplicated without limit. Man is naturally garrulous and needs little encouragement to talk. Our limited funds should be concentrated on helping him through the painful process of organizing his fleeting thoughts in orderly written form.

There is an acute shortage of current scholarly writing relating to lvtft, and relating lvtft to the dominant themes of the day. It is recommended that the prime mission of the proposed research institute be to alleviate this shortage. As authoritative body of literature is needed by every movement that rises above the mob level, to define a philosophy, expand and debate it; a continuing flow of literature is necessary, to mold the philosophy to evolving combinations and particulars. The mere existence of this literature, like the Bible, has a powerful impact on many who never read it.

b. Style of Writing

The style of a man's writing serves an important selective process in determining who will read what he has to convey. In general it is desirable to foster that style that commends itself to the most influential group in society, that loosely-bounded but identifiable group centering around the Ivy League professors, the New York foundations, the major banks and law firms: the so-called "Establishment". This style features a "soft sell", an aversion for excesses, a sophisticated cosmopolitanism, a trace of tongue-in-cheek humor, a few learned allusions, all lightly combined with a genuine message for the reader. Every effort should be made to encourage this style (short of affectation) and to discourage the Bryanesque moralizing that has predetermined the readership of much of our past efforts. The Establishment style today has a better chance than any other of reaching the more important members of the dominant intellectual and professional circles we have failed in the past to influence.

c. Publicizing

An advantage of a research Institute over individual researchers is systematic media coverage. Brookings Institute, the 20th Century Fund, Resources for the Future, and so on, see to it that research results in which they are interested pour immediately into the right hands. The movement already has some excellent press contacts: Prentice, Lissner, Moley, Trott, Rybeck, Clay, and several others. With a little effort these could be cultivated and expanded into an effective network for disseminating and arousing

of public interest in newsworthy research findings.

Present contacts tend to be heavy on the more conservative side of the current ideological spectrum. The HOUSE AND HOME issue of August, 1960, for example, received favorable notice from TIME, NEWSWEEK, and BARRON'S but never a whisper from THE NEW REPUBLIC, THE NATION, THE PROGRESSIVE, or THE REPORTER, although your consultant personally called it to the attention of each of the last four. These media seem to represent (although they do not directly reach) a large and in some respects dominant segment of public opinion. Their circulations are particularly heavy in the academic world. Their lack of interest in the August HOUSE AND HOME is symptomatic of a serious lack of communication between advocates of lvtft and left-wing intelligentsia. And left-wing intelligentsia are the medium by which many new ideas are introduced into the high councils of the "Establishment".

d. Editing

1. It would be desirable to publish a professional academic journal. Whether this would be the present American Journal of Economics and Sociology or a new journal would depend on the possibilities of working cooperatively with the present sponsors of that Journal, but in either event it would be necessary to adopt a new name and format, in order to project a new image, and desirable in any event to capitalize on the new and relatively open-minded interest that attends the birth of a new publication.

A journal operated in conjunction with a research organization and edited by its staff becomes a potent instrument for magnifying the influence of that staff. Harvard and Chicago have made best use of this principle. The "big three" journals in Economics are the American Economic Review (unattached to an institution), the Journal of Political Economy (Chicago), and the Quarterly Journal of Economics (Harvard). The great influence of the Chicago and Harvard departments is associated with their editing of these journals. California, whose staff is in other respects comparable, has no comparable influence, and the lack of a journal is one reason for it.

Chicago and Harvard use their journals to vent the wares of their own staff members -- about 15% of the articles in each are from staff members at the sponsoring institutions (and no Chicago man publishes in

Harvard's journal, or vice versa). Of the other authors, a large share are ex-Chicago or ex-Harvard men. The power of editing operates in favor of those with sympathetic viewpoints. Publication in either is worth more than publication in any of ten or fifteen less prestigious journals.

Chicago particularly has been notably successful by this means (among others) in keeping alive what was for some time a minority viewpoint considered extreme and unrealistic by most other economists. Chicago graduates are notable for their zeal and conversion to the viewpoint of the institution, yet still they are highly regarded and well placed.

Another example worth considering is Walter Isard's Journal of Regional Science at Pennsylvania. No one yet knows just what "regional science" is, or why it should need a separate journal, yet Isard has by this means attracted nation-wide attention and support. In part this was done by supplying a reputable outlet for scholars who for one reason or another had not won the favor of Chicago, Harvard, or the dominant cliques in the American Economic Association. The circulation of the Journal of Regional Science is far less than that of the American Economic Review, yet it has attracted perhaps almost as much attention to its sponsor as a comparable number of words in the larger Review, even assuming the works would have been accepted.

In conjunction with his journal, Isard founded an Association. Membership in professional associations, however perfunctory, is a criterion used in evaluating men for promotion. It would be desirable to form an association in conjunction with the proposed journal for this purpose if no other. But more meritorious purposes are not hard to visualize: yearly meetings, exchange of views, proceedings, and the like. It is worth noting that there exists no nationwide association of land economists. As will appear later, it is not recommended that "land economics" be the focus of the Institute's attention, but neither is there a journal in the field that will be recommended.

2. Monographs

It should be desirable to release longer reports in a monograph series, with such minimum expense and formality as is necessary to have the reports listed as publications, rating Library of Congress numbers

and catalogue cards. This is a necessary prerequisite to consideration for review in most journals, listing in library acquisition reports, and so on.

These reports need not be by staff, and it would be desirable for staff to publish elsewhere. These reports would constitute another means of exercising the editing power. Staff members should systematically scan new dissertations for publishable material and cultivate the new talent thus displayed. Encouragement at this pliable stage of ones career can have a particularly strong twig-bending influence, encouraging more work on the same lines. And, of course, many theses are publishable, or can be made so: witness the recent Mary Rawson study, which your consultant found in thesis form originally. There is no period in the life cycle when one delivers so much for so little as when one is writing a dissertation. Many influential works have originated as dissertations. They merely need to be discovered. The circulated report that a publisher is seeking such works would strongly encourage their production in the field of interest.

Editing should be ruthlessly objective and impartial as between friends and strangers, with the benefit of the doubt going to strangers. The reputation of the monograph series must be established above suspicion of being a vanity outlet. That applies to the journal as well. It is not to contradict the earlier idea that editing serves to magnify the influence of the staff, but this magnification takes place in large part by creating opportunities for others, not in monopolizing them, nor yet in devaluing the publishing outlets by arrogating their pages to vent works of low quality.

e. Hosting

1. Rotating Staff

It would be desirable to keep at least one position permanently rotating, filled by a visiting scholar. Thereby the Institute maintains continual firsthand contacts with the rest of the profession. Visiting scholars may be attracted by release from teaching duties; opportunity to associate and co-operate with permanent staff in what would presumably become the capital for studies in its field; access to the Institute's specialized library and files, as well as to the resources of the outstanding institution to which the Institute will be attached.

2. Work Symposia

Symposia can be most useful if all the attendants are working participants. An excellent model was provided by the Farm Foundation working jointly with Resources for the Future last summer. They co-sponsored a ten-day seminar with 18 assigned papers on aspects of the single topic of land economics. Each prepared paper was distributed in advance and criticized by the full group for a half day. Publication was guaranteed in advance, and all papers are being modified before publication in the light of the criticism received at the seminar. Cost was no greater than if most attendants had been passive spectators. Everyone was implicated; extensive opportunities were opened for observing prospective staff members in action; and a publication is resulting.

f. Visiting

It would be desirable for staff members to accept visiting appointments at other institutions, again to keep in the current of the profession. Where other institutions lack funds for this purpose, exchanges might be worked out. As such exchanges are not the normal procedure in the academic world, untapped possibilities might be found by developing this technique.

1. Communication to Other Areas of the Movement

Some research results can be very useful in popular education and political action. Such materials should be made available to those branches of the movement.

Communication with other branches should be two-way, with no thought or affectation of higher and lower functions. It is inevitable that such a caste feeling will threaten to develop, since the Institute is primarily engaged in communicating with groups in society that tend to talk down to the groups which popular education seeks to reach. The "establishment style" of writing, which is recommended for Institute publications, includes a certain snobbish element, sad to say, even though it be a snobbery of intellect and taste more than of genealogy and riches. All the more important to combat snobbery within the ranks. The sincerest form of humility is to learn from another, and Institute personnel should listen to political action and popular educational personnel as attentively as agriculture professors should listen to extension men with muddy boots. The enthusiasm and dedication of an Andelson or

Tideman can supply tonic and inspiration to jaded scholastics, weary of skepticism. The political strokes of a Williams or a Motly can breathe a sense of urgency and excitement into the cloistered alcoves.

Contact with the other branches should, however, be discreet - not furtive, suggestive of sinister underground machinations, but quiet, unpublicized and separate from other meetings. It is only destructive of our goals to identify the Institute with the old whole-hog single-tax movement, concerning which so many academicians have already formed fixed prejudices, and from which received so much abuse. Little but discord is to be expected from the encounter of the clashing temperaments of dedicated, sincere, dogmatic evangelists and skeptical, supercilious, moderate academicians. The Institute can serve as a buffer between the two, the interpreter of each to the other, and it would be a valuable diplomatic function. It would, for example, be most useful to persuade certain enthusiasts of the negative value of condemning and antagonizing the whole genus "professor" for the sins of a few, or even the majority. But to attempt any close reconciliation between such incompatible personalities would, in general, be an error, I believe. Each has its permanent place in the scheme of things, and the Institute's place is between the two, where there is a permanent need for diplomacy and interpretation.

2. To Action Agencies

It would be desirable for the Institute to incubate a consulting service to local, state and Federal agencies concerned with assessments, taxation and economic development. An attractive feature of consultation is that it can be largely self-supporting, once started, and grow well beyond what Foundation funds could support directly.

Another attractive feature is the creation of object-lessons, but your consultant is inclined to minimize the value of that. Drastic changes in tax structures are unlikely for some time to come, and unambiguous results would be unlikely. The resulting disappointment might do more harm than good. Furthermore, there are already several historical object-lessons that might be studied, urban and rural, domestic and foreign.

It should be emphasized, too, that interjurisdictional differences in assessment practices, quite outside the law, make for de facto movements toward (and away from) land value taxation that are actually greater than those achieved under the graded tax law. San Diego, California and Portland, Oregon, to name two examples, in the 1920s, levied a higher percentage of their taxes on land than Pittsburgh does now, without benefit of any state law permitting it. In Columbia, Missouri, on the other hand, a vacant lot worth \$6,000 is assessed at \$100 until improved. If one wished to examine the relationship between rapidity of growth and percentage of revenue derived from land taxes, the historical events have occurred, they merely need to be recorded for the reading public.

I would not recommend, therefore, that much of the Foundation's limited funds be diverted to consultation. The primary mission is conquest of the intellectual world, a monumental task in itself. However, the idea of planting the seed of a self-supporting consulting service is worthy of all the support the Institute could give it without prejudicing its primary function. This proposal is worthy of more study than can be given it in this Preliminary Report. To avoid leaving a negative impression, which is not intended, I shall go on to suggest who the clients of such a service might be.

In many communities there is a cleavage between those who want growth and those who fear it. Both groups obtain strategic advantage by retaining outside authorities to voice their opinions and interests, but the planning consultants who render restrictive recommendations seem to be the majority. Large-lot zoning and minimization of school attendance loom large among the typical recommendations. No doubt this reflects a greater willingness of the anti-growth forces to hire consultants, but the ideology of planners is also a factor and may have created a situation where the growth forces do not know where to turn for reliable service. This is the clientele I would tentatively recommend seeking to cultivate.

Recommendations would, of course, have to cover a wider sphere than local fiscal policy. Land taxation would have to be fitted into its place and integrated with other policies in community development. This

would be a wholesome and instructive experience with great practical educational benefits for participating and observing Institute personnel.

At the state level, Resources and Development Commissions are an obvious point of entry. The Federal level should not be ruled out -- Federal agencies both farm out research and subsidize it. And, of course, the District of Columbia is one urban area that could adopt land value taxation without constitutional amendment. That is one potential case study so conspicuous as to override this consultant's general skepticism of the value of case studies.

Looking further into the future, and confessedly through a glass darkly, satisfied clients might be united in a national organization on the model of the Farm Bureau Federation. (Farm Bureaus originated as client organizations to receive the consulting services of the extension agencies of the land-grant colleges).

Other clients might be trade organizations. The enthusiasm of the organized home-building industry for exempting improvements has been conspicuously demonstrated. Why not the Otis Elevator Company? (Sydney, Australia is one of its best markets). Why not public transit companies? Food processors want their supplies from a small area? The Machinery and Allied Products Institute retains economist George Terborgh to promote accounting concepts that show the advantage of earlier replacement -- why not sell the idea that taxing land values increases the urgency to replace old buildings and the fixtures in them? Even labor unions, however mistaken their philosophy in some respects, should be receptive to advice on how to increase the demand for labor within their jurisdictions.

3. Communication to Students and Apprentices

a. To Students

After the Institute has become established as a research organization and developed a respectable literature, it would be desirable to teach, and award graduate degrees. However, I do not recommend doing so initially. Teaching, however inspired, labors under an insuperable handicap in the absence of an authoritative and current literature to reinforce it. Harry G. Brown is reputed to have been an excellent and respected teacher. Pinkney Walker is

the most popular lecturer on this campus. Between them they have dominated the Missouri Department of Economics for over thirty years, yet there is no "Missouri School" of thought recognized in the academic world, or any unusual land tax movement among the Missouri electorate. Students tend to receive the spoken word in one ear and out the other.

Graduate students listen closer, but they also read journals and become aware of the academic pecking order. The weight of written authority is more than a teacher as such can overcome. Again, graduate instruction is very costly per student graduated. Classes are small, drop-outs high, library and incidental needs large -- and, to boot, it is necessary today, to attract top students, to pay them something like \$2,000 a year, so numerous and attractive are fellowships and assistantship opportunities. A great deal of what a student must learn to be conversant with modern economic literature (however inadequate that literature may be) is more or less standardized, and in a teaching program a large share of the effort must go into tool subjects that a student could pick up elsewhere. Statistics and foreign languages are extreme examples, but we must regard the whole line of standard economic courses as necessary if the graduates are to find general acceptance in the academic world today.

Ideally, the Institute would be located at a leading university which would carry the overhead items, including a full complement of economics courses taught by economists unaffiliated with our Institute. These are "overhead items" because even if the Foundations had the funds to endow a complete university, it would be desirable to include such courses to prevent isolation and virtual boycotting of graduates, and to vaccinate them against later exposures to competing ideas. At its leading university location, the Institute can make its personnel available to handle certain courses and fields for economics majors. This privilege is more likely to be granted if it is not sought too eagerly, and after Institute personnel have established personal rapport with conventional economics personnel. In this circumstance it would be desirable to move into teaching of a few courses.

Ultimately it may be desirable for the Institute to set up an entire graduate program, revamping the whole curriculum. There is no question but what that is desirable in an absolute sense, but I do not consider it a realistic goal in the near future. If we want to place graduates advantageously in the current academic world, we must compromise, communicate and compete with that world. If we can make an impact via the written word, introducing into the profession due appreciation of lvtft and associated concepts, we can modify graduate programs to supply the demand we will then have created, and cause others to do the same.

Teaching lends itself more to transmission of received orthodoxy than to generation of new ideas. Even communication of new ideas is limited: students shy from eccentric kinds of training that offer questionable job insurance, and teaching institutions must bend their curricula to student demands, however ill-advised the student consumers may be. So long as we are deeply discontented with predominant views in the economics profession our emphasis should be on research and writing rather than teaching.

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b. Communication to Apprentices

An apprenticeship program may be commenced from the start and integrated with the research program. The present system of graduate education supplies a good number of eligible apprentices, that is of "all-butters" who have completed all their Ph. D. work but the dissertation.

There are several advantages to working with men at this stage of their careers. First, it is a financial interlude between home or fellowship support and self-support, when further help in financing the leisure to complete a dissertation is needed. It is a time of hard work -- the waywardness of adolescence has been overcome and the security of seniority, reputation and position has yet to be won.

It is a stage of rapid learning, especially for the more creative and independent students who learn best by thinking things through for themselves. Such students learn more during the dissertation period than in their classes. It is a stage of some shock and adjustment from the passive bench-warming phase to the active and

creative phase of a career, a more profound shock than the shift from under-graduate to graduate work. In the course of such shock the mind is more than normally receptive to new impressions. It is a stage of closest communion between apprentice and master. The student is "tooled-up" so to speak from his course work, he is conversant with the concerns and methodology of his craft, and can begin to exchange ideas with his sponsor on a level of mutual interest and understanding.

It is a stage when the benefits of a student's work, if there are to be any, are not long deferred. If he has ability, motivation, and guidance, his dissertation should contain publishable material.

It is a stage of "twig-bending" with more permanent results than the twig is generally aware. One usually spends the early part of his career getting parts of his thesis published, and the later part responding to opportunities opened by the publications. One expects to return later to try the paths not taken, (excuse the mixed metaphor), but one seldom does.

An apprenticeship program, then, is a means of giving direction to a large social investment in education by the skillful and timely application of a small controlling investment of our own. Its prime disadvantage is the problem posed for the apprentice of serving two masters: his committee at his parent university; and his supervisor at our Institute. But this problem also constitutes an opportunity for communication and accord between the two masters, not to mention a demanding test for the apprentice in tact and diplomacy. The rewards should repay the effort.

c. Coordination of Means

It is important that all means to the Institute's objectives be consciously coordinated so as to support one another in as many ways as possible, just as a Zeckendorf makes every part of a complex down-town development contribute to the others. I have pointed out some of the major interdependencies in the foregoing discussion, but these simple, straightforward relationships do not capture the full potentialities for interplay among individuals and activities brought together. The number of possible permutations of activities grows rapidly as the activities increase. A creative

administration will constantly scan the possibilities and exploit many of them to enhance the effectiveness of the individual activities, and develop the reputation of the Institute as a whole.

III. Staging and Administration

a. Selection of Director

The most important single decision is the selection of the first Director, who will be the most influential "founding father" and establish lines of growth for years to come. The Director is more important than the location. Indeed, the Institute may want to shift its location, as R. T. Ely moved his Institute for Research in Land and Public Utility Economics between Northwestern and Wisconsin, or the Cowles Commission moved from Chicago to Yale, or Walter Isard moved his Regional Science Association from Harvard to Pennsylvania. Such mobility, at least initially, may be necessary to signalize the independence of the Institute from the host, or to obtain the best terms.

It would be an error to locate first and then select the Director. The Director should participate in selecting the location, lest the host institution have an initial advantage over the Director. Only a strong and independent Director, with some direct responsibility to the supporting Foundations, can preserve the Institute from the natural process of absorption into the host institution. He must walk a fine line, of course, between cooperation and independence, for the host must gain something from the bargain. But there are precedents and it can be done.

b. Personnel Selection

Personnel selection should be a slow process, but begin immediately. The Director should have considerable intertemporal flexibility in expenditures, that is, he should not be under the pressure, so common in governmental and institutional affairs, to spend money this year or lose that annual amount in future years. He should also be empowered to dip into capital to seize outstanding opportunities, although it is not recommended that the Institute's life be made finite by a steady impairment of capital. The proposed Institute will be small enough to permit flexibility of this kind. Then the Director's recruiting can be geared to the discovery of the right man.

Personnel selection would, of course, use the editing, hosting, visiting and other functions of the Institute as opportunities to observe prospects.

c. Defining Functions and Objectives

The Director and his first lieutenants or advisers should first define carefully the functions and objectives of the Institute with more care and detail than has been

possible in this preliminary report. The Director and the Foundations should achieve full accord, and the Director then assigned the full-time task of negotiating with prospective hosts and serving as the agent of the Foundations.

d. Locating Initially

The next step is to begin seeking a home. There should be no presumption that the original home not be permanent, but the eventuality of migration should be prepared for, for the reasons given.

In addition, there is a possibility that a shortage of liquid funds may develop within the next few years, owing to the over-extension of the commitments of governments at all levels. This is conjectural and open to dispute, but it is my opinion for what it may be worth. If it is correct, the bargaining power of those in control of liquid funds will be much greater than today, and more advantageous terms could be secured.

State institutions particularly have a penchant for putting too great a share of their money into buildings and heavy equipment of high publicity value -- e. g. oversized computers and nuclear reactors -- leaving too little for competent operating personnel. When the pinch comes, the excess capacity in buildings and equipment will be available, and the great demand will be for liquid funds to fructify this vast investment.

This line of thought argues for a policy of deferred commitment in the near future, maintaining the flexibility to take advantage of the anticipated bargain situations.

e. Research and Writing

These primary functions of the Institute should begin immediately. They require little equipment. New personnel worth their salt will bring with them files containing material for one or more research reports which they simply haven't found the time to write yet. The Institute's reputation, its ability to recruit top men and to bargain with hosts and other cooperating organizations all depend on its output of quality publications.

There is a high rate of time-discount to be considered, that is to say, the reputation established five years ago is worth a great deal more than the one just started today, and initial personnel should be currently productive of reputable publications.

f. Editing, Hosting and Visiting

These functions would naturally evolve next, with timing to be worked out by the Director and his advisors.

g. Apprenticeship

As the results of the apprenticeship program will be more deferred than E and F, this function might be sacrificed in the early years in the interests of a fast start. Probably, however, it can grow concurrently with research.

h. Consulting

Insofar as this program waits upon research results it would have to be deferred until they were ready. It is my present feeling that the consulting program could be launched in partial independence, however, as soon as the right man is enlisted to lead it. That question, however, deserves more study than this Preliminary Report can afford it.

IV. Research Topics

The Director and the Foundation should settle on what definition of research topics would best epitomize the Institute's objectives, and it is recommended that more consideration be given this question than has gone into this Preliminary Report. Meantime I have brought together some thoughts that I hope will be useful.

a. Reasons for Defining and Narrowing Research Topics

It is desirable to impose some limitations on the free range of the interests of personnel, in spite of the occasional drawbacks of restricting flights of fancy, for several reasons. A research focus gives more coherence and meaning to the association of Institute personnel, for one. Something as general as "the philosophy of Henry George" would lead different individuals off in very different directions, one person pursuing George's interest in socialization of natural monopolies, another his advocacy of free trade and opposition to De Leon's brand of socialism, a third applying his common property concepts to administration of Federal lands, a fourth his principle of land taxation in central cities, and so on. It is desirable to give careful forethought to which, if any, of these topics, each and all of which would be interesting and worthwhile to pursue, would promote the aims of the Foundations most effectively and quickly.

The optimal research topic for our purpose, like the optimal urban location, is at the convergence of many lines of influence, affording the maximum of close linkages with other foci of the attention of economists. And the optimal treatment of that central topic is one which will not only keep those lines of communication open, but pave them and sign them and make every stranger welcome in the city we want to become the intellectual capital of the profession. Our topic and treatment should be multi-partisan, offering outlets for the legitimate aspirations and ideals of Republicans and Democrats, conservatives and liberals, individualists and

socialists, militarists and pacifists, believers and agnostics, unionists, cooperators, manufacturers, financiers, academicians -- for one finds land-taxers among all these groups, and the only real hope for the movement is to show large numbers from all of them how that policy can help them to get what they want. But in the absence of a clear, strong, explicit multi-partisan policy that discourages disputes over peripheral and extraneous issues, some of these issues are all too likely to become central, and large parts of the market needlessly alienated.

Personnel are more important than definition of subject matter. What a researcher does with his topic is usually more important than the assigned topic. But it is still important to define the research focus because it screens personnel, attracting those we want and repelling those we don't. And through forethought to this subject we can guide and advise personnel in orienting their work in lines of maximum significance. Good research men often have little concern for timeliness or impact but are happy with topics that interest them. Among the several topics that interest a man the Director can help him select one of maximum value in advancing the objectives of the Institute. Definition of research topics is the primary control that can be exercised over personnel.

Finally, definition of research topics is necessary for public relations. A topic is needed that will preclude any image of monomania, attract attention and respect and interest, and convey a reasonably accurate idea of our focus of interest without betraying any of the foregone policy conclusions that are implicit in the Foundation charters.

b. Rejection of Some Good Choices

"Land Economics". This topic is too narrow at best, and even were that not so it has been appropriated and given a restricted public image by Ely's Institute at Wisconsin. "Land Economics" at Wisconsin became associated with the German Historical School of economic thought, which evolved into "Institutionalism". It is an anti-theoretical outlook whose practitioners have become somewhat alienated from the dominant cliques in the profession. We have nothing to gain from becoming embroiled in their vendetta which is largely methodological and in many aspects represents pedantic hairsplitting and angel-counting at their most sterile. Furthermore, a great deal of the Wisconsin research has focused on local problems of limited national concern and submarginal lands of little value.

Another drawback to "land economics" is the existence of a dominant and thriving high-quality journal in the field which would preclude our entering it. (Trustee Graham Aldis is on its Editorial Council.)

"Conservation". Again this topic is too narrow, for in its general usage it would not include any urban land economics. "Land economics and conservation" would be adequately comprehensive, but besides being subject to the objections to "land economics" alone it implicates us in all the strong emotions and irrelevant connotations associated with the word "conservation". Something might be said for accepting this handicap in order to benefit from the great public interest in "conservation". The highest public interest today for example, attaches to glamorous recreational resources, and as an occasional and temporary measure it might be desirable to exploit such surges of interest by moving into conservation. As a permanent central theme, however, it is tangential to the economist's primary concerns with basic employment, national product, capital formation, and other meat and potatoes topics, and so must be dismissed as insufficiently central.

"Public Finance". This topic overlaps our interests as well as those of other economists we would like to influence, but it would involve us in a mass of detail in which we are not much interested and had better leave to the Lasker Tax Institute. That is, if public finance is really the focus of our studies, then we will be expected to develop a narrow technical competence on such questions as spin-offs, LIFO, leasebacks, etc. ad infinitum. It is possible in a thousand ways to show how aspects of our tax system distort the allocation of resources, but the general point is made with a few examples. The details of public finance are too narrow to capture the imaginations of idealistic people and give scope for a comprehensive philosophy of the economic system.

Something like "Public finance and economic growth" is a possibility worth further thought, but I believe it is adequately comprehended under the topic finally recommended.

"The public interest in natural resources" is a possibility, but probably betrays too much policy orientation, and fails to interest that part of the public who do not immediately see the relation between natural resources and kingpin topics like full employment, national income determination, and so on.

"Urban renewal" offers many obvious opportunities to demonstrate the value of our policies in an area of high current interest. However, the subject is more appropriate for a few Institute studies than the guiding theme of the whole institute. It is topical and may fall from favor within a few years.

"Assessment practice". There is a need for professionalism in the assessment field even today, and the need would be much greater if our policies were adopted and assessment practices became more crucial, with a higher tax rate. We are well advised to work out an alliance with this professional group -- few movements

can get very far without some coherent economic interest group behind them, and professional assessors seem an obvious choice.

But again, this topic is too narrow to manifest the full scope and force of an economic philosophy. The trend in modern education is away from technical specialization and toward development of more generalized leadership and analytical qualities. It is not a trend we should buck if we want to reach large numbers of widely influential people.

c. A Suggested Research Orientation: "Economics of Resource Development and Renewal"

on
"Economics of
Development and
Renewal."

"Resource Development and Renewal" is suggested as a master concept to give unity and direction to the work of the Institute. The advantages of using this organizing theme are the following.

1. It is comprehensive and challenging. "Economic development" as a topic today comprehends the fashioning of entire economies from the ground up. "Resource development" is only a little less comprehensive, focussing attention on the ground as well as the "up". The administrators of T. V. A., whether or not we approve their philosophy, have shown how the development of merely one resource ramifies into every aspect of a region's economy. Resource "renewal" emphasizes the permanency of the resource base and assures that attention will return to it again and again. (Indeed, were it not that "development" is such a magnetic word today we might omit it on the grounds that what we call "development" is really almost always renewal, since most land resources have been used before.)
2. "Resource development" implies a distinction of the natural resource base from the human products that go to develop it, and exploits the instinctive recognition of that distinction in the minds of economists working in related fields today. It is in this field that one meets the greatest emphasis on "capital formation", a topic which draws attention to the human origin of capital and its distinction from the resource base. It is in this field that many economists have deplored the propensity of savers to buy land instead of creating capital, again emphasizing the distinction of the two.
3. The topic gives entrée to what are considered by dominant schools of economists to be the central topics of the discipline, and relates them immediately to the resource base, or land. Capital formation and economic growth are the best of good words today, both abroad and at home. Capital migration is always a key topic in international and interregional economics, and no better

stick could be asked to beat taxes and institutions that threaten to confiscate capital, or to point up the distinction of land, which cannot migrate, from capital, which flows and sometimes flies all over the world. Resource development leads to the study of resource ownership and control, wherein the supposed conflict between allocative efficiency and distributive equity is a topic of perennial universal interest, a conflict which land taxation resolves in a particularly neat and conclusive way.

Other topics of immediate relevance are determination of national income; economies of scale and the workability of competition; history of past economic development (the ascendancy of Arthur Schlesinger, Jr. and Walt W. Rostow are some index to the prestige of economic historians); benefit-cost analysis, and many others.

Despite this broadness, which we can exploit to maintain flexibility, the topic satisfies the public relations need of having some differentiation and specificity, so that our Institute would not appear to be, nor be, without reasonably clear orientation and purpose.

4. The topic is free from disadvantageous associations with the public image of the old single-tax movement. And yet it deals directly with the role of land in top-drawer economic questions.
5. The topic is associated with our relations to the uncommitted underdeveloped nations, the site of battle between capitalism and communism, the most commanding and overriding public issue of the foreseeable future. This battleground is also an area where we have shown ourselves more willing to entertain radical notions than at home, where we recognize the urgent need to re-appraise the economic order from its very foundations, where "Land reform" is widely recognized as a paramount issue, and where increased land taxation has already received support from influential people in official and semi-official positions.

It is, of course, no part of our intention to limit our recommendations to overseas, but to accelerate the process whereby progressive innovations, demonstrated in frontier areas, return to capture the citadels of the mother country. This is a time-honored process so we need waste no jeremiads lamenting the hypocrisy of a people who preach abundance and practice scarcity. Ideas exiled across the water return manyfold.

6. The topic affords unusual opportunities for searching and thoroughgoing appraisals of economic institutions. The pressure of communism in uncommitted countries, not to speak of socialism among our allies, point up the

question "What is an appropriate division of function between private enterprise and public"? This presents an opening for presentation of the Georgist resolution of that universal question, which constitutes a brilliant reconciliation of the competing claims of society and the individual.

It is evident that this interpretation of George constitutes an application of the "multi-partisan" approach recommended earlier, whereby George is represented not as of one camp or another but as an eclectic synthesizing a new philosophy from the legitimate aspirations of several counter-forces, reconciling and unifying them. Thesis, antithesis, synthesis: even a Marxist dialectician must admit the force of that interpretation of George.

The great enemy of straight thinking in economics is not Marxism but apathy and supine acceptance of the status quo (which today includes labor unions, progressive income taxes, farm price support, et hoc genus omne). The present danger from communism is to economic education a benefit in disguise; not a burden to regret, but an opportunity to seize and exploit to the hilt.

7. There is no journal specializing in economic development. This, coupled with the high interest of economists and government officials in the topic, augurs well for the future of a journal oriented that way.
8. "Economic development" brings economic historians back into the mainstream of economic theory. There has developed a serious rift between economic historians and other economists. Economic development is showing itself to be the field of common interest which can bring them back together.
9. The topic offers considerable flexibility. In a world of change and uncertainty that is very desirable. For maximal impact the Institute should shift with the times, bringing its work always to bear on those issues which command topmost attention. The curse of many institutionalized funds is their ponderous immaneuverability, constricting their administrators to rake over the entrails of dead issues while live ones scream for attention.

Had I the gift of prophecy, I would augur something like this. Emphasis will shift from development of new lands to renewal of older centers. That is obviously true in the microcosm of each city -- from suburbs to downtown. It is true within the United States -- from the southwest back to the northeast. It is true world-wide -- from the underdeveloped nations back to Western Europe. Yet as this resurgence of older areas pulls capital back to them, the needs of new areas do not decline -- most of their grandiose projects are only

half started. Too much real capital has been frozen in heavy construction, from which no merely monetary machinations can recover it. The result will be a world-wide shortage of liquid capital.

The economist who comes forth with a convincing analysis of all that, a persuasive plan for best salvaging what we can from the collapse, and finding sources of free capital to start again will command attention from every quarter. But I lack the gift of prophecy and am not ready to stake all on that prognostication. I do observe, however, if that should prove correct, the instant topic would offer the Institute adequate flexibility to exploit the several opportunities, as each in turn became timely. Emphasis would shift from "development" to "renewal" and finally to capital formation (and no doubt capital migration, international finance, and maintenance of full employment). And if events should evolve otherwise, the topic offers flexibility in several other dimensions as well.

V. Personnel

Personnel selection assumes greater importance in a research Institute of the kind here proposed than in almost any other operation. Only general directional supervision is possible. Material is standardized. Work quality depends largely on the worker. The Foundation's role is less that of employer than patron of the arts. Desirable personnel are sensitive, creative individuals, finding a large share of their rewards in the pleasure of creating and contemplating works that fulfill something of their own aspirations. It is essential that these aspirations harmonize with Institute objectives.

a. Criteria for Selection and Advancement

The first criterion is the ability to generate and communicate provocative new ideas of a sort and in a way such as to command attention and respect from the profession. A little flair for drama and showmanship is desirable so long as it is clearly subordinate to responsible scholarship. The widest-read economists indeed are not those who most edify so much as those who most alleviate boredom, and it is surprising how many of the latter persuasion gravitate to Harvard and wield great influence.

Second, certainly, is sympathy with the Institute's objectives. That does not mean slavish adherence to the letter: no one worth having will render that. It does mean sympathetic understanding of its purpose, an appreciation of its high importance relative to other desirable policies, and a willingness to stand up and be counted in its support.

To compensate for orienting an organization around a foregone policy conclusion it is desirable to observe the multi-partisan policy in other dimensions of personnel selection. Personnel should be diversified in respect to subdisciplines and methodological schools. They should be diversified in respect to position on the current ideological spectrum. The world, which is only dimly aware of lvtft, will note the diversity of our personnel in the terms that it understands and be assured of our objectivity and impartiality.

A special word is in order concerning ideological multi-partisanism. George, as he put it, was "for men". His philosophy recognized what was legitimate in the aspirations of widely divergent groups. He emphasized the harmony of their goals, and he proposed policies of joint fulfillment. That philosophy has demonstrated its power to draw in converts from several camps, and if it has a chance to prevail it is in this conciliatory role. ++

George drew on classical economics, it is true. But so did Marx. There was hardly any other economics in their day. The policies of George are strong enough, however, to transcend particular schools of economic methodology and find expression in the current tongue as well as the classical, and find formulations commending themselves to the modern left as well as the right. Since a majority of modern academic economists lean to the left, it would be wise to send apostles to the left who can sincerely interpret lvtft as a means to fulfill the aspirations we share with that wing.

In recent years the policy of lvtft has attracted its most conspicuous support from those otherwise known as conservative. That has enhanced the respectability of the idea and been a clear net gain. There have been losses on the left, however, as those who remember the 1940-45 period in the School are aware. Insofar as those were losses of screwballs and cafe conspirators, there need be no regrets. But there are responsible and influential citizens of the left wing who would be real assets. There are warm and humanitarian personalities without which no movements can win public confidence. John R. Commons, were he living today, would represent an excellent apostle to the left. He favored lvtft; he had great personal magnetism and inspirational qualities; and he was considered a practical progressive reformer.

It is worth noting the considerable number of prominent left-wingers who have shown some appreciation for lvtft in recent times. Walter Heller, (an avowed

disciple of John R. Commons) has a sympathetic article on the use of incentive taxation in underdeveloped areas. Paul Samuelson will go so far as to write "land rent is in the nature of a surplus which can be taxed heavily without distorting production incentives . . ." Broadus Mitchell has shown his sympathy. Carey McWilliams, Editor of The Nation, has written of his private sympathy and published an article by your consultant. Harold Hotelling, originator of the marginal-cost pricing idea for public utilities, linked that proposal with land value taxation. The Bureau of Reclamation markets water largely through Irrigation Districts, which tax land values, and preaches full development of limited natural resources as earnestly as ever did Henry George. Richard Neuberger won election to the Senate on a program of full development of limited damsites. John Ise, onetime socialist, gives fuller and more sympathetic treatment to lvtft in his Economics text than any modern writer. Silvio Gesell, to whom Keynes acknowledged his debt, was simultaneously a strong land-taxer and a (very) cheap-money man. Reginald Zalles, former Director of the Boston Henry George School, is now Executive Secretary of Americans for Democratic Action. Jerry Voorhis, Executive Secretary of the Cooperative League of the United States and former Congressman unseated by Richard Nixon, has written me of his sympathy toward land-value taxation and receptivity to a Co-op -- land-tax alliance such as obtains in France and Denmark. And so on.

It is entirely possible, therefore, to find staff members who sympathize with the cooperative movement, with public development of natural monopolies (George himself leaned this way, as did Adam Smith), with vigorous anti-trust policy, with some degree of monetary management (Harry Gunnison Brown), with marginal-cost pricing, with a degree of social security, and other leftish policies, and simultaneously strongly favor lvtft. In the interest of a more effective Institute, it would be desirable to recruit some such personnel and give them equal standing and opportunities with others. Their problem is not so much lack of sympathy for lvtft, but inadequate appreciation of its importance relative to other policies they support. The Institute can help redress the balance.

There is no suggestion here that left-wing reform movements are "going our way", or that we should merge with any left-wing group. The genius of our philosophy, it seems to me, is to rise above the antagonism of the currently dominant stereotyped "left" and "right" ideologies, to make the issues between them seem petty and obsolete by reconciling them constructively. We would be underselling our

philosophy to fit it into any niche, left or right, in a one-dimensional world-view. Our philosophy belongs in a third dimension, above the stalemated trench warfare that absorbs the world's political energies and neutralizes the talents dedicated to both sides.

The Trustees have the extremely difficult job of evaluating personnel less on the basis of how well they impress the Trustees as how well they impress their academic colleagues. The economic and social milieu in which academics move, and the values which they cherish, are in some respects rather removed from the milieu and values of the business and allied professional communities. The arguments most persuasive to the academic minds the Foundations seek to reach are not always those that appear most reasonable from another viewpoint. That problem needs to be anticipated and, in this consultant's opinion, compromised at least halfway in favor of the consumers of Institute products, the academicians. A third important personnel criterion is a capacity for loyalty to an Institution and cooperation with a group. Those qualities are to be clearly distinguished from unthinking acceptance of a party line, or supine complaisance. The Institute needs individual star performers with style and identity of their own. But personnel should exhibit the same harmonious balance of altruism and egotism as permeates the philosophy of Henry George. It is hard to imagine that any prima donna or autocrat who would sacrifice Institute objectives to his ego could expound a mature and balanced social philosophy in his writings.

b. Control of Personnel

Institute control over advancement is probably adequate control for most purposes. Control over research topics supplements that primary control.

Negative controls, especially the ultimate weapon of dismissal, can lead to disastrous notoriety if crudely handled. (This question is raised again under "tenure").

Even soft and indirect controls should generally be used with great finesse. Any institute "line" will be sensed and consign future releases to disposal with the junk mail. It is probably enough that most core staff members be sympathetic. If the Institute occasionally finds itself subsidizing work in direct refutation of its objectives, it is the price it pays for according staff members the individual responsibility and independence without which top men cannot be retained, nor their opinions respected. Indeed, if no maverick emerges spontaneously it may be necessary to invent one to absolve personnel from any suspicion of intellectual prostitution.

c. Tenure

Granting tenure to Associate and Full Professors is almost universal. Tenure security substitutes for considerable dollar income, and is tax-free. It may conduce to tranquillity and the contemplative life and to objectivity and some daring, free from fears of reprisal. On the other hand, it freezes personnel errors, which accumulate over time and drain off increasing shares of income unproductively. It weakens employer control but does not weaken employee incentives to commend themselves to alternative employers, in this case representing the great gray encircling mediocrity we seek to overcome.

I am not prepared strongly to recommend that the Institute try to operate without granting tenure, but only that it be seriously considered and given further study.

The following are some arguments against tenure.

Tenure, as a substitute for dollar income, would seem most to interest those with some doubts of their ability to perform adequately. The fact that tenure is nearly universal, does not necessarily argue that we should grant it. It may also mean that those individual academicians who would prefer more current income at the sacrifice of tenure security have no place to turn without leaving the academic life they like, and would welcome the opportunity we could offer. In the near future, academic jobs will be abundant because of swelling enrollments, and tenure security will assume less relative importance to individuals with ample alternative opportunities.

A third possibility is to endow the entire Institute only for finite periods, with renewal at the option of the Foundations. Resources for the Future, Inc., is supported only by five-year grants.

d. Level of Remuneration

It is recommended that salaries be distinctly above average for the grade being filled, even at the expense of one or more positions. The range of academic salaries is quite limited, so that it is possible by small salary advantages to attract much superior personnel. That situation probably comes about because of over-institutionalization. Some institutions are overstaffed and avoid raising individuals above the mass for fear of pressure to grant widespread increases. Some administrations strive merely to avoid controversy and to survive -- they are content to fill positions with duly accredited warm bodies, to keep up the appearance of scholarly activity and standards. Their attitude toward salary increments is largely defensive, that is, they raise salaries only to keep up with the pack, not aggressively to move out in front.

Faced with such sluggish competition it is no great matter for an employer or patron who truly intends to have a major impact to attract the best men in the field. Fifteen thousand dollars should get you twice as good a man as \$10,000. Twenty thousand dollars should attract almost anyone you would want, and \$30,000 almost anyone.

In the manufacture and dissemination of opinion, high salaries play a dual role. High salaries not only let your Institute hire at will, they orient large numbers of hopefuls in your direction. You become the apex of a pyramid toward which many are called, even though few can be chosen. The ablest men all over the country look to Harvard for leadership not just because Harvard men are the best--there is dispute over that - but because Harvard is where they would most like to move, Harvard's attraction is more than pecuniary and in the lower ranks it trades on its reputation. But at the top it maintains its standing by outbidding most rivals.

Lesser institutions come to be regarded as farm clubs for the big leagues.

e. Non-Pecuniary Rewards

Perquisites are important, not just because they are tax-free, but because they can enhance productivity. Conscientious research personnel do not ask for club memberships or swimming pools. They do appreciate every tool and facility to help them perform their work and they evaluate their administration's desire to see that work performed by its solicitude for their needs. They need private offices; a community room to meet, coffee and lunch together; modern office equipment; small discretionary funds for books and miscellaneous items; unequivocal ascendancy over janitorial-custodial personnel; a few trifling material status symbols and considerable deference from administrators; convenient parking; and surprisingly little else.

The most important non-pecuniary reward is the sense of group mission, of common cause, that is lacking in most institutions. One could indeed attract staff on that basis alone, with low material rewards. I believe that would be an error, however, as it would tend to attract individuals so highly idealistic as to be somewhat alien to most of their fellow men who tend, indeed, to be inordinately suspicious of those without overt materialistic motivations. There is also a real danger that the fraternity of those with a high sense of dedication but relatively less technical ability and critical faculty might prove stifling to creative minds. It would be equally inadvisable to rely on money alone, to emphasize technique and brilliance over loyalty and dedication. There is no reason, however, why our

Institute could not offer an optimal combination of both dollars and esprit, making one of the most attractive packages available to research workers anywhere.

VI. Some thoughts on location

Location is logically a later and subordinate decision. The identity of the Institute would lie in its objectives and personnel. After objectives and initial key personnel have been settled, then it is time to think about location. In this Preliminary Report, therefore, only a few general observations are appropriate.

Since it is desirable for Institute work to evolve with changing times, a versatile location is important. Colorado would be excellent, for example, for studying administration of public lands, but weak otherwise. Miami would be tops for Caribbean studies, Honolulu for East-West relations, and so on. But only a major urban center is sufficiently versatile for the continual adaptation that is envisaged for the Institute. Versatility is also important at any given moment of time for an Institute that aspires to be widely influential in many subdisciplines. Continual access to large numbers and wide varieties of people is necessary.

Those considerations narrow the range of choice to a few places. More specific location factors will depend on the decisions made about research focus, and finally of course on negotiation with individual administrators. Once the research focus is selected it becomes a matter of grading locations in order of their accessibility to the resources with which the Institute would need contact. Two of the most important of those, certainly, are leading economists and good libraries. The data in Tables 1, 2, 3, and 4 are presented as indicative of the kind of information that could be assembled and evaluated to grade locations.

TABLE 1

Cluster of Subscribers to American Economic Review (1956)(Source: 1956 Handbook, American Economic Association)

Rank of Cluster	City	Columns of Subscribers (est.)		Rank of Cluster	City	Columns of Subscribers (est.)	
		In City	In Cluster			In City	In Cluster
1	New York City	15- 6/12	24 §	9	Minneapolis - St. Paul	1- 9/12	1- 9/12
	Brooklyn	2		10	Pittsburgh	1- 7/12	1- 7/12
	(listed separately)			11	Champaign - Urbana	1- 6/12	1- 6/12
	Bronxville	3/12		12	Ithaca - Syracuse	1- 6/12	1- 6/12
	Flushing	5/12		13	Bloomington	1- 4/12	1- 4/12
	Forest Hills	5/12		14	Columbus	1- 4/12	1- 4/12
	Scarsdale	5/12		15	Madison	1- 1/12	1- 1/12
	New Brunswick	4/12		16	Ottawa	1- 1/12	1- 1/12
	Newark	6/12		17	New Haven	1- 1/12	1- 1/12
2	Miscellaneous	4 §	18- 7/12	18	Baltimore	1	1
	District of Columbia	12		19	St. Louis	1	1
	Arlington	1-11/12		20	Chapel Hill	5/12	11/12
	Falls Church	9/12			Durham	3/12	
	Alexandria	1- 1/12			Raleigh	3/12	
	Silver Springs	1		21	Cleveland	10/12	10/12
	Chevy Chase	10/12		22	Seattle	10/12	10/12
3	Bethesda	1		23	Toronto	10/12	10/12
	Chicago	5- 6/12	6- 8/12	24	Montreal	9/12	9/12
4	Evanston	1- 2/12		25	Milwaukee	9/12	9/12
	Cambridge	2- 4/12	4- 3/12	26	Austin	9/12	9/12
	Boston	1-10/12		27	Cincinnati	9/12	9/12
5	Medford	1/12		28	Denver	5/12	9/12
	Berkeley	2	3-11/12		Boulder	4/12	
	San Francisco	1					
6	Palo Alto - Stanford	11/12					
	Detroit	1- 7/12	3- 8/12				
	Ann Arbor	1- 3/12					
7	East Lansing	10/12					
	Philadelphia	2- 3/12	3- 4/12				
	Bethlehem	3/12					
8	Princeton	10/12					
	Los Angeles	2- 6/12	2- 9/12				
	Claremont						

§ - Figure is approximate.

TABLE 2

Subscribers to American Economic Review ranked by States (1956)
(Source: 1956 Handbook, American Economic Association)

Rank	State	No. of Subscribers	Rank	State	No. of Subscribers
1	New York	1663	10	Michigan	337
2	District of Columbia	700	11	New Jersey	305
3	California	672	12	Indiana	220
4	Illinois	641	13	Connecticut	218
5	Massachusetts	473	14	Texas	203
6	Pennsylvania	473	15	Wisconsin	166
7	Virginia	408	16	Minnesota	137
8	Ohio	380	17	Missouri	136
9	Maryland	363			

TABLE 3

Universities Ranked by number of Ph. D. Dissertations
in Economics completed and in preparation (1960-61)
(Source: American Economic Review, September, 1961, pp. 835-67)

Rank	University	Dissertation			Rank	University	Dissertation		
		Com- pleted	In Prep- aration	Total			Com- pleted	In Prep- aration	Total
1	Harvard	24	30	54	11	Iowa State*	9	12	21
2	California (Berkeley)*	25	24	49	12	Yale	6	15	21
3	Texas	16	28	44	13	Michigan	8	12	20
4	Chicago	13	24	37	14	North Carolina	10	9	19
5	Wisconsin*	13	19	32	15	Northwestern	9	10	19
6	Indiana	9	23	32	16	California (L. A.)	7	12	19
7	Pennsylvania	12	17	29	17	Minnesota*	10	8	18
8	Stanford	10	19	29	18	N. Y. U.	16	-	16
9	Cornell*	10	15	25	19	Columbia	13	-	13
10	M. I. T.	16	7	23	20	Colorado	3	9	12

* - Includes Agricultural Economics.

TABLE 4

University Libraries ranked in order of volumes (1960)
(Over one million volumes only)
(Source: Princeton Library)

Rank	University	Volumes (000,000)	Rank	University	Volumes (000,000)
1	Harvard	6.7	14	Northwestern	1.4
2	Yale	4.4	15	Duke	1.4
3	Illinois	3.2	16	Ohio State	1.4
4	Columbia	2.9	17	Wisconsin	1.4
5	Michigan	2.8	18	Texas	1.3
6	California (Berkeley)	2.5	19	Indiana	1.3
7	Cornell	2.1	20	Johns Hopkins	1.2
8	Chicago	2.1	21	N. Y. U.	1.1
9	Minnesota	2.0	22	Washington (Seattle)	1.1
10	Pennsylvania	1.7	23	Brown	1.0
11	Princeton	1.6	24	Iowa University	1.0
12	Stanford	1.6	25	Missouri	1.0
13	California (Los Angeles)	1.5	26	North Carolina	1.0