Models for teaching.

1. A "model" is an ~~mechanical~~ explanation of the mechanics of a process, as opposed to a metaphor like overheating the economy

The model need not be algebraic or obstruse.

Thus, Ricardo on machinery is a model.

T-accts are a model.

$MV = PT$ is a "

All mng cap. thy. is a model.

2. Models give students specific anchors to grasp. They are willing to learn ~~from~~ them.

3. Lists are also good.

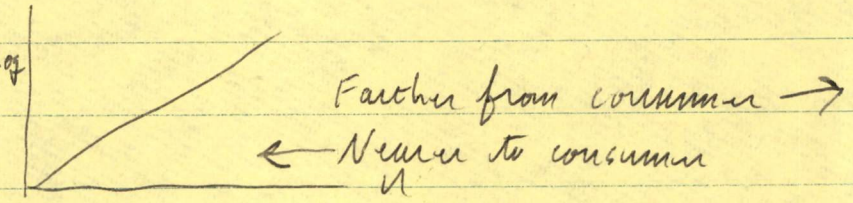
4. A well org. lecture shd. be shown as an outline. A discipline for me wd. be to put outline on board each time.

5. One lecture ed. cover a cycle of western expansion, with a list of ways cap. was put out w. long lead times.

6. Ed. give list of metaphors in common use, & what they probably mean.

Vicious spiral
Overheating the economy
Top heavy credit structure
House of cards
Favorable business climate
Active market

7.



8. Never go thru text in sequence again.
Make your own outline. Pick chaps. to fit it. If there are no good chaps, find rdgs.
I let myself get in a straight jacket by ff. the book. Let the book follow me. But I have to lead. Organize!

9. To introduce or emphasize neptune, use echo effects from inv. bulges. R.O. Matthews adg.

Mark.

Raymond Loewy, mid. designer, gave the world the coke bottle.

He now at 87, prefers to be remembered as a Nasa consultant, re Skylab, 1972, when living in space for days.
Loewy is "habitability consultant."

Moral: as people mature, and achieve security, they seek meaning in their work.
When young & in a hurry, they want bucks & recognition. They play to the galleries; they pander to the dark side of human nature. They sell things that damage you:

Gambling
Rot teeth
Kill infants (Nestles)
Shorten life
Lower efficiency

Then they hit a mid-life "identity crisis."

You will find basic security — that's easy. But will you find satisfaction? Better have a mission.

The space mission is an e.g. of how, when people's lives lack much meaning, they seize upon something else w/o much meaning as a substt.

The greatest meanings are:

- make world work better
- improve yr. ability to think
- " others' " " "

Ideas from Harold Benjamin, Saber-tooth Curriculum

1. A good way to a popular book.

2. We shd. teach not just how to think, but what
Beware getting stuck on etiwal truths; teach how to
earn a living in modern times.)

3. Avoid compartmentalization, which is fostered by
specialized departmentalization.

Much edn. of "basic principles" is really learning an
obsolete technology.

4. Good hypotheses (i.e. qus.) needed more than
more cow-counting.
Good qu. is that which gives us something to
test.

5. Edn. shd. modify behavior.

6. Some students are snapped into line by a
strong-willed other, a spouse or mother, get their
political opinions from Dan Rather, their philosophy from
the latest rock idol, & a huge inferiority complex.
Everything in his world makes him feel unimportant. So he
seeks to identify w. something big, impressive.

7. p. 24 "He knew ...

8. Purposeful activities are more fun for birds. They like to learn.

9. The Great Mystery forbids - he moves in lightning, speaks in thunder; gives men life & takes it away.
If G.M. had wanted Vo-Ed before birds grew up, he wd. have planted the instinct in them. Instinct = human nature — can't change it. So said the conservatives.

10. The applied knowledge of yesterday becomes a timeless verity of today; (e.g. calc?), while the applied knowledge of today is bare, mere training, subject to obsolescence.

11. p. 55 Specialize. is demanded, to achieve the narrow knowledge & broad ignorance the min. demands of its most distinguished faculty.

12. Edn. deals w. changing human minds, a complex phenom. - an unknown no. of factors continually modifying ea. other at unknown speeds & w. unknown effects — is hard to count.

13. To win acad. respect, must make yr. subject hard to learn. Do this by giving the abstract + philos. topics first, delaying practical work until student is conditioned to customary verbalizings of the craft, thereby immunized vs. new ideas. Give lectures only, using special terminology.

14. Make it as realistic as possible. Give readings. Have them solve real problems.
E.g. always have a business start w. a small equity, + borrow.

15. Learn what you live
Live " " learn

16. Beware of metaphysics — not info., but pure thought. Magic, sorcery, hocus-pocus, esoteric. Medicine men, prayers, incantations. Rule by fiat. Chants + exorcisms, ritual
Thus, educn. + magic go together. } games + spells, holy, Go thru sacred motions.

17. Research is dangerous to teaching, bec. a magical subject already has answers it is heresy to doubt.

18. The only subjects which lack cultural respectability are those which were studied for their practical effect on the behavior of the learners. These remain inferior, because they do not pretend to have magical powers.

19. We must teach students how to think, not what to think, else we be giving out blueprints of a new social order.We would also be claiming to predict the future. Only the Great Mystery is allowed to do that!

But whatever I teach, I am implicitly predicting that it will be a valuable thing for ;students to know.

Ec, 162

To avoid obsolescence

1. "Learn how to learn" — (1)

Govt. trained poor kids in 1960 to be elevator opers!

2. Learn enduring truths.

If they still follow A. Smith after 200 yrs. he must have found an enduring principle.

(1) A perversion of this is "Learn how to think, not what to think."

Mgtl.

1. "Empty formalism" is ~~form~~ fate of philosophers seeking for ultimate causes, unified cosmic theories.

   Mgtl. cuts all that out, deals w. applications.

2. = mgtl. principle, good for mgrs.
   Water master is a mgr.

3. Mstmt.
   Ways of msrg. tree growth
   " " " size of dams,
   " " " quality of beef

Tchg.

1. Ecs. does not support the vertices + slogans of either pol. party.
Skd. Raised you to a higher plane, where all that seems simple + childish.
Also seems static. Very little said today that wasn't said in Je. Fi, '36, Landon. Roosevelt.

2. Look for basic principles. Saves you lots of details. E.g., close windows A-C, D, G, H + K; open kitchen door. Vs. instin. on principle, close sunny side of house, open cool side, run attic fan.

3. Work problems! As in learning calc. + physics. Take time to compose problems, & re each chap. or unit. Hand them out Fri; ask for answers on Mon!

THE DEMONSTRATION SCAM – #1

This is Harry Pollard's "Ten Minutes". Afterwards the time is yours.

Some 18,000 people anxious to prove they can survive, listened a week or two ago to 6 hours of group therapy at the Hollywood Bowl. Their cost was high. Not only had they to pay as much as $50 to get in, but they were also required to listen to earnest speeches against nuclear power.

The organisers say they made about $50,000 from the event. This doesn't seem much from 18,000 people paying a minimum $8 to see entertainers who were working free. Either the arithmetic of the Alliance for Survival is as poor as some of their arguments, or they must have spent a lot of money to get the Bowl filled.

From all accounts, the program was pretty well put together with a maximum of music and a minimum of talk. Among the words, were those of Patti and Bobby. Both the Reagan and Kennedy issue made an issue of nuclear power, but kept mum about nuclear weapons.

This gathering of the clans wrote a scenario that over the years has proven most attractive to the revolutionary dilettante. Public demonstration against evil is by far the easiest avenue of commitment to a cause. It doesn't require that you spend much. You don't actually have to work at anything. The place of commitment is generally pretty pleasant, filled with warm bodies, hot music, few cold facts, but plenty of cold chills to titillate the participants. The chills are provided by cliffhanging, bloodcurdling stories of ultimate disaster, in which Red Riding Hood is imminently the brunch of the wolf who is almost always incorporated and multinational. The important point of these clambakes is that the participant can be a faceless fanatic. Unrecognised and unknown. Rather like the audience at a rock concert, which is how most of the protest gatherings shape up.

Sometimes they are amusing. The horde that dutifully surrounds San Onofre nuclear plant on sunny weekends treks back home to San Diego. There, in the harbor, are probably not only a number of nuclear reactors aboard carriers and submarines, but a whole slew of hot weaponry practically poised for take-off. It would make much more sense for these people to live at San Onofre and demonstrate in San Diego. It would certainly be safer. But, good sense and safety have little to do with demonstrations against nuclear power.

Getting people into the streets to show solidarity is what is important. It has all the reasonableness and sense of high purpose of a lynch mob. The street people are jollied, entertained, exhorted and generally amused right up to the body count. For, that is the purpose of the exercise. To produce a body count. Not, a mind count, but a body count. Success of a demonstration is measured by bodies. This is why there are so many arguments about the size of mob. The pros count high, the cons count low. 'Numbers' is the name of the game. If you were there, you were there to be counted – not to be heard.

It appears the organizers of these affairs are quite callous about the need for high sales figures. Joan Baez was severely taken to task for introducing a disturbing issue –the boat people – when anti-nuclear promoters believed they had finally touched a nerve that would scare people out of their cars and into the streets. They were annoyed that Joan might becloud the non-issue with her concern for people who were actually dying.

Certainly, at the demonstrations, there are people who are able to think properly about nuclear power and its alternatives. But, they are are a minority, for they are not really necessary. Ten dumb bodies are better than one good mind, so this is the direction of all promotion.

I suppose, I became conscious of this kind of operation a few years ago on KPFK when I did a Commentary on DDT. The substance of the talk was that DDT didn't seem all that bad. The reaction from listeners was immediate – a surprise and a delight. I was accused of everything except eating babies. One lady said I'd set back the environmental movement 15 years. That's a year for each minute of commentary. Not too bad, I thought. The point she, and others, were making was that the masses had been spooked and any attempt to turn the stampede was practically a crime against nature. It was an experience of the elitest left –or perhaps I should say, the elitest liberals. I'm not sure how sinister they are these days. But, liberal or left, their concern for people seemed much like the cowboy's concern for his cattle. They were dirty, smelly beasts – but the bonus depended on getting them to market.

Anyway, the reaction piqued my interest. I looked further into the DDT issue and came to the conclusion that it was probably the best, the cheapest and certainly the safest pesticide ever invented.

Now, everyone knew that this wasn't so. People were crying havoc in the streets, protesting the the deadly pesticide. But, their activities were not influenced by good evidence, or common sense. Rather, they were the targets, and victims, of propaganda batteries hurling emotional salvoes into their hearts and minds. Rachel Carson was a typical member of the firing squad.

In Silent Spring, she set a pattern by bringing together a brilliant combination of fact and fantasy to prove the danger of DDT. In the chapter, 'And no birds

sing' a picture was drawn of the silent wood without the sound of a robin. The birds were gone. The mood was excruciatingly developed, pointing to DDT's horrendous effect on the songbirds.

Yet, the Audubon Society's Field Notes – from which she quoted – published the bird counts for robins and other species in 1960, as the book was being written. The Society –which, incidentally is anti-DDT – found 12 times as many robins in 1960 as there were 20 years earlier, before DDT. If birds were being wiped out, one would expect fewer of them. But, there were more, twelve times more. If DDT was as widespread as Rachel deplored, the robins were apparently thriving on it.

In fact, most of the feathered species counted showed increases during the DDT years. There was no evidence of serious effect from the pesticide. Oh, and to put your minds to rest about the raptors –the hawks, eagles and so on, the Hawk Mountain Sanctuary count also showed considerable increases over the years. In fact, even as DDT was killing off practically everything, the birds, the wild animal harvests, the fish catches, were all increasing.

My conclusions about DDT didn't, and doesn't, mean that I'm an advocate of widespread use of pesticides. My interest was that an issue hot enough to flush people into the streets was pretty much a complete lie. The real target on the hidden agenda, was corporate America. Ironically, DDT was replaced by more dangerous substances, which gave a profit bonanza to the chemical companies. Replacement chemicals cost 4 times as much as the banned DDT and required 3 sprayings instead of one. Thus, chemical company profits rose by 12 times (or more, for DDT was a low profit item). I bet that wasn't the intention of the Sierra Club, or the sincere people galloping off in all directions.

You must wonder why so many people so easily swallowed such false notions. Why they were so alarmed by stories of the general extinction of birds, when all they had to do was to check the bird counts. It might be argued that we are masochistic. That we are attracted by visions of the inevitability of doom. Paul Ehrlich, who has built a career around dire and often strange prophecy, has a new book called, I believe, 'Extinction'. You surely can't get more frightening than that. Paul has taken the place of the old-time hell-raising preacher who told us where we would go if we didn't eat our spinach. His self appointed task is to give us guilt feelings when we become too happy.

Yet, his books may indicate the real problem. We rely, too much, on leaders to tell us what is true. And we have lost the capacity to question them. These leaders have the very best reason for being persuasive – they want to remain leaders. And just as that archetypal leader, Adolf Hitler, needed ever greater hyperbole and ever more extensive demands for lebensraum – so also do our new leaders find themselves caught by the need always to come up with a wilder statement, a fresher fantasy, a new enemy. So, nuclear power is elected. This is the issue to get the rabble into the streets and around the guillotines.

The secret for seducing these innocents, as was demonstrated by Rachel Carson, is to season every inaccuracy with a just a soupcon of fact. Just enough good evidence to make the nonsense palatable. And once a leader is accepted, he can say almost anything. His words will be rapturously swallowed, his slogans enthusiastically repeated.

This is why the mobs sang their 'sieg heil, sieg heil' in the thirties and why they chant 'no nukes, no nukes' in the eighties. The slogans are part of a mindless psychiatric catharsis. People feel a lot better, a lot less guilty. And they've achieved their temporary Nirvana with enjoyable ease.

But, surely, no-one is pro-MAD – pro 'Mutually Assured Destruction' – pro-nuclear weapons? Well, this is a different issue from that of nuclear power. The only reason to mix them together is to cook the books. The cook mixes together a genuine problem with a non-problem to produce a stew which can be fed to the less than critical partisans.

Thus, military waste is not separated from reactor waste, which is a small part of the whole. Last time I looked at the figures, one year of military waste was greater than all the power station waste of the previous quarter century. And military stuff is hot, whereas some 99% of the nuclear reactor waste isn't. It's mostly pretty low level and pretty unimportant.

But, stir the wastes together and we have a lot of trouble to shoot at, trouble that by a kind of osmosis, becomes a power reactor problem. Thus, the argument against nuclear power becomes strong because the ability of people to reason and weigh facts is weak.

A final amusing story about DDT. The government carried out tests on workers at the Torrance DDT plant. Men had been exposed for a decade or two to enormous concentrations of DDT. Two significant results were noted. The workers had more children than average, and there had not been a single case of cancer, when statistically there should have been. You know, it just might be that not only is DDT a cancer inhibitor, but it may also be a fertility drug!

This is Harry Pollard's "Ten Minutes". The other five are yours. Why don't you make use of them?

6/30/81

Mgt.

1. a few of you will set high goals + standards for yourselves. You will excel. I will remember you; you will get hi marks, strong letters.

You will move quickly ahead. You are what employers are looking for. You have an inner imperative that makes you do a good job. A young Winner is worth more than an experienced loafer. You'll never worry about a job, except which offer to take.

Many, on the other hand, just want to get by. Just want to be a face in the crowd. Have the mentality of petty bureaucrats. Tell me what I have to do, + I will do something like it, at the least effort to myself. But I will cover my tail, bcs. ~~you will~~ I will wait for you to speak, then I will say it back. You only want to be a cog in a machine. I will forget you — + you won't mind, bcs. you don't think much of yourself anyway.

Any little glitch brings out all the latent paranoia of students for the system.

Drop obsession w. procedural matters, conc. on subject.

Forget little things, save yr. energy for big things.

What proceeds from intellectual power?
Freedom. Run your own life.

Mgrl.

"Spear-carrier" psychology. Tell me what to do. Organize me. Be responsible for me.

Students: try to break out of this prison, self-imposed. Take charge of yr. own life.

Tchg.

1. People tend to support what they help to create.

How can a student help create a course? By having choices, selections.

1. Term papers.
2. Topics for -
   Debate
   Lectures (have them submit requests)
   Outside rdgs + reports.

2. Workers are demoralized when good work is not distt. from poor or mediocre.
   Grade + feedback early + often.

Tidy. –

Easy Evans advice. (1) tell stories

Gleaned from WSJ, daily press, etc.

(2). Be instl. Students want to learn about visitors.

Tchg. teach.

1. Have them do problem

2. Give answer

3. Grade themselves

4. Hand in, I grade them.

Ec. 162

Students need

1. Capsule summaries. 4-6 points ea. hour.
2. Daily quizzes, self-testing.
3. Problems (good students, option)
   2 levels: "super achievers"
   "Good soldiers"
4. Detailed outlines; synoptic views, frameworks.
5. Flow of work: schedule.
6. 2 midterms, easy.
   Hard final, separate sheep

Ernest Dimnet, THE ART OF THINKING,NY: Simon & Schuster, 1928

Notes for use in teaching.

Images: Most of our mental operations are produced by them. They correspond to wishes or repulsions. The quality of our thought is determined by the quality of the images filling our minds. Others, in their speech, reveal to us the images filling their minds, hence the quality of their thought.

Thought does not exist in a pure state, but is elaborated via images (which could be reasoning by analogy, for better or worse.)

"our letters and our talk: what are we hearing ourselves say? The exterior or interior cinema? (This car is going too fast . . . I -wish we had a Studebaker . . . I feel quite ready for tea) Are our letters full of small talk and cheap details, different from the cook's only by virtue of a little more grammar and spelling? Is there pleasure in criticizing, with "I hate, I despise, I detest, how I loathe, etc.? If so, we cannot help the self-pronounced verdict: ORDINARY. "

Eloquence: a capacity for the ready expression of thoughts difficult to clothe in words.

The thinker sees, has "vision", where others do not. The moral aspect of this is independence. Most people are content to conform , to repeat forumulas. While they do, the thinker looks calmly around, giving full play to his metnal freedom.

"They are looking at what I am looking at, but they do not see what I see." What you see, and observe, depends so much on what you have in your mind to help interpret it.

People possessed of a mastering purpose leave no room for inferior preoccupations, they strike us by the directness of their intellectual vision.

But self-doubting people have a fatal capacity for letting in extraneous thoughts or mental parasites, which gradually obsess their own, leaving them with an inferiority complex.

The passion of the French for ideas makes them imagine that when an idea has been expressed, its own virtue will be enough to get it realized.

The Art of Thinking is the art of being one's self. This art can only be learned if one is by one's self.

Society produces slogans, words endowed with the power of ;command. Solitude produces an exhilaration of consciousness of our innermost.

Attention is less a gift than a habit.
Interest produces concentration naturally. Selfish people concentrate on their profits; idealists on their ideal.

Disinterestedness is its own reward, for it fills the soul. Nobility of view or purpose . . . confer intellectual superiority and create a paradise for the possessor.
To collect is to specialize and specialization is only another word for concentration. We concentrate when we have an interest or pleasure in doing so. The Art of Thinking is finding out what gives our intellect its satisfaction w/o any effort or restlessness.

The reading ;that helps you think is that which leaves images in your mind, when you have forgotten where they came ;from.

Cramming can beat long reading, because cramming is more active. Passive reading is a waste of time. But all reading should be cramming, from the start.

Youth is the time when impressions are deepest, because there are so few.

There is more life in dead thinkers than living automata. Thinking about them ;would be the natural impulse of most of us, if the word "highbrow" were not terrifying a world of sheep into conformity.

Montessori system has intervals during which children veil their faces and think.

Students often say "tell us", not "teach us to think." (Very well: then this is what you tell them: here is how you learn to think, solve this problem.)

Exam idea. Give a problem, or problems. Terms: no one may write for 30 minutes. Then, may open book, give answer(s). "I have never seen this method fail: it simply compels reflection. But childish minds are so averse to it that the trial at first is an ordeal: the young fingers itch intolerably toward the pencil and the book, because the habit is to get rid of the thing as quickly as possible."

Scholars hate essays because in past experience he writes a few lines, followed by a vacuum. Rather, he should learn to write nothing until the whole thing is clear in his mind, and could be spoken in clear, simple language.

Fortunate are the writers who are not tormented by the phantasm that all has been said. All the great commonplaces which go on intriguing the world seem to them novelties which nobody has as yet looked in the face as they do.

The methods of erudition and those of business are almost alike (e.g. filing program of computers!)

When you see a thing, see another beside it, for contrast. This is dramatic.

Newman, like Bergson, was an Intuitionist, related to a Mystic. Intuitions are not revelations, but the result of flashlike comparisons or oppositions of sets of images stored up in the mind, and more elastic than the formulas in our intellect which Newman calls the "notional" as opposed to the "real".
--THE GRAMMAR OF ASSENT: ___---CREATIVE EVOLUTION, give the clear lineaments of an Art of Thinking by Newman.

Be yourself. You cannot be a creator if you are an actor.

The artist's mind is full of elusive images which one hopes to fix by words. When we try to fix them they vanish, leaving only the fragments of expression with which one has begun to clothe them.

To be one's-self means a stiffening of the attention and the will.

Genius is not the patien ce of doggedness, but the persevereance of enjoyment.

Syllabus, Ec. 207

0. Major Issues, Qus., Problems, + themes

1. Intensive review of basic relevant tools of
2 wks. fncl. + micro. analysis. Straight-curve stuff
§1. Eng. Ecs.
§2. Micro

2. Instl., historical, social + distributive settings.

a. Landownership
b. Wtr. law
c. Ideologies re full resource dev., ∉ conserv., manifest destiny, democracy, eg. ~~priority~~ fundamentalism
d. Objectives of resource acqn. + use
Goods, jobs + taxes.

2nd best qns.

. Inflated demand for products, eg by eg. supports — how affect evaln. of benefits?

Oil dev. offshore, same qn.

(Here the 'project' is just learning)

Risk in res. devmt.

1. Wtr. supply
2. Floods; storm drainage
3. Loss of standing timber
4. Earthquake
5. ~~Eq~~ Failure, of design or mtrl. or human (spills)
6. Markets, future
7. l. r., "
8. Discovery of minerals
9. Wx -- hrs. of sunshine, windstorm, etc.
10. Tenure

Kinds of Resources.

Soil
Wtr.
Exhaustible
Timber
"Commanding Hts." { Urban (Space, location)
Routes
Radio
Air (wind)
Fish
Game
Amenities
"Gene pool"

Buzzwords, "Environment" — use my short paper.

"Scarcity" — there are limits to resources, but not resource limits, i.e. man can develop ~~stuff~~ mind & technique w/o limit

"Efficiency"

Main attn. to wtr.; passing attn. to timber + minerals, where useful to develop principles.

Public viewpt, but also ~~useful~~ chevs. principles of pvt. economizing.

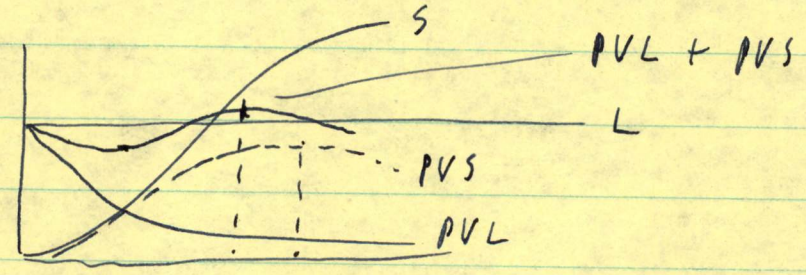
Concern. rather than environmt, but major emph. on timing.

"Propns" of project means height of dam, etc.
"Scale" means how many rivers shd. be integrated e.g. Marshall Plan. Relates to staging

✓ Omissions of Jth thus include:

Risk
Scale
Distribn.
History
Macro

Max PV(L+S) = PVL + PVS



Sensitivity to i

a. Max PVS moves left

b. ~~the~~ PVL

i. Starts from lower level

ii. Steeper at first; then flatter

Net result: PV(L+S) shift to left is tempered.

James + Lee. (Straight-Arrow conventional) (Oblivious to great social issues swirling around topic)

1. "Eng. Ec."
   Eng. thy., math.
   Same risk, which added. Is some on pp. 181-86
   Openings for qus. of scale, (staging in ch. 9) (like "adding peripherals" to computer)
2. Micro + effic. res. alloca.
   ch. 3. Price Thy.
   4. Project Optimality
      Prodn. Thy.
      (Max B/C, rationale for underdev.)
      (add mtrl. on distr. of benefits.) (+ Macro effects)
   6. Choice of disc. rate.

3. Planning, real world
   7. Instl. framework. Water law. (Land distrbn.)
   8. B/C Canal. Adds flesh to ~~ch~~ ch. 4.
      Add from Book.
      My Pendleton comments
   9. Dynamics.
      Timing, staging.
      Priorities (cf. actual partial funding)
      Ripening. Tideman article. TRRL. etc. ERT

4. Ec. Plng. by Project Purpose. (~~Use~~ Avoid details, save time for other resources) (Timing, + risk, ed. be org'l principles)
   10. Flood Control. (Use re risk)
   11. Drainage (includes storm drainage, ∴ risk)
   12. Wtr. Supply

   13. Hydro power. (Head choices)

   14. Navign.

   15. Wtr. quality

   16. "Recrn." (and amenities)

   17. Fish, wildlife.

5. Multi-purpose Wtr. Dev.
   18. Opt. ~~Models, graphic~~ techniques, graphic

   19. Opt. techniques, analytical
   (Programming, etc.

   20. Opt. by simulation

James + Lee

6. Fncl Analysis

22. Fncl. Feasibility

23. Cost allocn.

24. Pricing

Bain, Caves, Mayoli's
Hirshleifer, M + McH.
Huffman
Ostrom
Kahrl
Harding
Taylor
Land Reformers: Goldschmidt; Hendry; Brigham Young (Thomas, Stegner, Lowry) Ballis; McWms; Villarejo; George; Chaffee
Teele;
Weeks + West
(Need to use sources already overused by Jt th: Eckstein, Krutilla, McKean ...)
Hanke
Kneese + friends on MC = P for wtr.
Frank Norris, John Steinbeck
Mishan?

RBR
✓ Wtr. Cat Lan. { f G15 26 C3C3 1919 In Docs.

✓ Huffman HD 1735 H8
✓ Fellmeth HD 211, C2 F45
Rain HD 2764, W3 B35

Pound, W. HD 28F
N5 P7

G. Sirkin, Lexeconics. N.R.i.L. Bus Ec HB171.5, S57, '70, macro
+ HD, 82 S582 (Visible Hand)
P.A. Report Bulls
Vol. 14 ±5 between, '78

Gates, Robie, Kuon + Mineta, '78
Hirshl, et al,
~~Books, hand & Addy, Taxes~~
Mary Whitney, Fortune Favors...
J.A., Alexander, George Chalfie NIRL
M. Goodall
Kuhrl HD4464, L7 K33x
F. Thomas
C. Mc Wms
.. ..

H. George
✓ Robbins HD 216 R62
✓ Carstenson HD 216, C3 also C31

B/55-1

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Syllabus. 207

1. Catalogue of problems, diseconomies

2. Orthodox Tools of Micro + Enrd. Analysis

3. Instl. setting.

a. Wtr. Law.

b. User orgns. (local)

c. Land ~~ownership~~ distribn., & concentration + specn.

d. Social Objectives of resource acqn. dev. + use

i. ~~A. Weltan of~~ Ideologies guiding the polity: competing, overlapping, confusing, ~~fuzzing~~ complementing, + ~~synthesizing~~ fuzzing

~~ii. & Containment vs. Expansion;~~

ii. ~~iii.~~ Ethos transcending pathos (+ chaos + bathos):
~~the idea of optimal economic use~~ Thesis, anti-thesis
"lock-up" vs. "full devmt." vs. optimal timely ec. use + dev.

iii. Production, jobs, profits, & public revenues, + ~~Bangal~~ govt.
good society.

~~3. Instl. setting~~

~~a. Landownership~~ Distribution of land

3. d. i → Ideologies that bear on the terms of access to natural resources:
Competing & interwoven + compromising ideologies

~~b.~~ ~~Ideology of democracy.~~

(Equal rts. to ~~land~~ natural resources: equal common, public access

Democracy, aristocracy, plutocracy, theocracy, populism, socialism, utopianism, ethnicism, militarism, individualism, legalism, technocracy. Manifest Destiny, limit. expansion; ~~forcible~~ resource acquisition + as a social virtue; pioneering as social reform.

Farm fundamentalism ("Farm folks are good folks".)

The Good Society "Tradition" vs. "Progress"

Conservation; environmentalism; (ecology; recreation; amenities; common rights)

Localism, ~~vs.~~ Centralism + Federalism

~~c.~~ Water law

~~d. Wtr.~~ user organizations

e. Objectives of resource acqn, dev. + use

Goods + services; jobs + inv. oppies; taxes

Unlocking natural opps.

4. B/C Analysis

5. Dynamics & Risk

6. Planning by Proj. Purpose

a. Flood Control, ~~Drain~~

b. Wtr. supply, ~~drainage~~

c. Power

d. Navigation

e. Drainage, quality control

f. Recrn, fish & wildlife.

7. Opt. techniques, multi-purpose

8. Fuel. Analysis

~~9. Cost~~

9. Cost allocn. & pricing.

Ec. 207

Jan. 4, '83

Wstr. ecs. as allegory.

" " " medium of classic lit.

Kwh. study as opener, Tu.

Straight-arrow neo-classic micro, Thurs.

Ch. 1-6, hit hi spots.

Next Tu; risk.

Th. Distr.

Ec. 201

Resource Dev. + Conservation ("Cons." involves time)
(Re flow ("renewable") ress., cons. means timing renewal, as well as original use.)

I. Basics of Inv. ~~+ Fact~~ in Resource ~~Dev~~ Devel.

~~When~~
~~How much (Scale hardly arises as an issue~~
~~How big separate from prospn. here)~~

Babcock, r.e. dev.
"Full Dev." as goal
Suspicion of land-hogging by underdev.[≠] (over)
Risk, etc. -- not treated by James + Lee
Aspects of risk
1. Kwh. study. Unsteady supply.
— cope by flex. pricing; pooling; adaptive demands, i.e. specialize. in bearing risk
(divide supplies into firm, interruptible, + adapt complex. capital to nature of supply)

2. ~~to~~ Weakness of coping by wasting K.
3. Load duration curve approach p. 184
4. Kinds of risk, petty + gross.
Petty risk is getting low return; gross risk (over) or even negative

≠ Pattern is to overdev. some big, rugd. or remote resources, to compensate for the real land-hogging: the spec. around cities; + the near ress. + intensive margins.

Clog up canyons w. concrete; may clog up circ. of cap.
To reclaim resources from logs, lose control of disposable cap'l.

→ To unlock our land, lock up our K.

Can spread K thin ~~by~~ to use more labor; but also more land. Grape-juice model holds land constant. Carpet model lets cap. also spread over more land.

is losing whole stake; stopping the flow, the circ.
Clogging up whole system.

Tues. Feb. 16 2010

Jazmin Gallo - time of Final

Loopholes in today's paper

1. Credits, rebates, & exemptions
   a. No sales tax on transactions; + transaction fee, since 2001
      Questionable if there shd be, ~~not~~
      - not retail
      - food not taxed
         - but is in restaurants
         - but value there is mostly labor
      - farm labor is taxed 20 yrs. old
   b. Tax-free zones "Enterprise Zones" - 42 in Cal
      Leg. Analyst + SPUC say not helping.
   c. Lottery exemption
   d. Lowering Cal Corp Inc Tax
   e. Credits for new hires
   f. " " in-state film prod

Cal used to have a universal magnetic system - untax all sales, tax land values.

2. Banks like lobbying spending
   Deductible
   No limit since Citizens United.
   Public wants bank reg
   JP Morgan - Chase (a merger), 30 lobbyists
   Me + the timber lobbyist
3. PG+E vs. public power. June ballot

Prop. 16. 2/3 vote to form new ones or expand old ones
(New one proposed in Marin County.)

Personal

4. State Inc Tax
Piggybacks Fed tax, so I'll focus on that
Not same as Corp Tax

5. Origins
a. Civil War
Union had one; CSA had shinplasters
b. 1894
Ran afoul of Art I, Sect 1 - "Reps & Direct Taxes ..."
c. 1909, Corp Inc Tax - on privilege of doing bus. as a corp.
Taft (see his chair in Mission Inn)
To forestall demand for inc tax - docket work
9 yrs of revs before we had surplus till 28 " " " payroll
1960, raised more than payroll. 1968, crossover year
Now, is tiny

d. 1913, 16th Am
e. 1916, First high rate
- wages mostly exempt
- Exec Mellon kept it that way

Review

Sales Tax, Leakages
Revenue Giveaways
Water
Aquifers Resnick; Coachella V. ...
Power drops Maurice Strong; Heckman;
Surface wtr Brackpool; Pickens; Bassco
(New proposal, Temperance Flats above Friant)
Medical bio: Chandler Farm, Newhalls; Boswell;

Oil
gas
Spectrum
Fish
Curb parking

Underassmt.
Prop assmt.
Timber
Golf
Farmland
amenity values
Valuation with rising rents
Magnetic Taxes are possible. SF; Modesto
Long term fall of taxes on prop.
Cap tax
Prop tax

STATE OF OREGON
Oregon State Senate
Salem
July 29, 1964

Mr. P. I. Prentice
Vice-President
Time, Inc.
Time & Life Building
Rockefeller Center
New York, N. Y. 10020

Dear Mr. Prentice:

Thank you for having sent to me a copy of Mr. Mason Gaffney's address "Containment Policies for Urban Sprawl."

It was with interest that I read this paper, and must confess much of it I read over again to assure myself I fully grasped the writer's message.

One passage--on page 4--gravely disturbed me. I quote "When a suburban farmer sells out, the law lets him defer his capital gains tax indefinitely if he buys another farm within one year. That sends hundreds of buyers with more money than brains, as one real estate man put it, swarming over the countryside seeking someone willing to sell immediately. It bids up prices so that no one without a special tax situation can afford to buy land unless he is willing to pay for it out of his hide, so to speak, or is willing to gamble on putting it to a more intensive use than most people have heretofore considered economic."

As a practicing Certified Public Accountant for the past 22 years; and for six years prior to that time as Chief Zone Deputy for the Internal Revenue Service, never have I found such a bonanza for any of my clients. Some have tried (while I was with Internal Revenue) but all without any success. The only possible exception would be in the case of involuntary conversion due to the exercise or threat of condemnation by Eminent Domain. It is unfortunate that someone in Mr. Gaffney's esteemed position would make such a statement without verification by the taxing authorities.

It appears Mr. Gaffney has a vendetta against farmers as a class of society. Our state tax commission in Oregon held similar views, and attempted to appraise purely agricultural lands adjacent to industrial areas at the same value as lands used for industrial or commercial purposes, on the premise that these agricultural lands could also be used for purposes other than agriculture. All this with the remotest possibility such agricultural lands would ever be used for industrial or commercial expansion. Our legislature passed a "so-called" green belt law

to protect many of our farmers who joined a perimeter of an urban area. Once such farm lands were not actively used in agricultural production; or if any attempt was made to subdivide these lands for urban development, then the entire tract ceases to be appraised as agricultural land.

I regret that with the re-reading of Mr. Gaffney's paper I did not receive his selling point of high taxes on land--lower taxes on improvements or developments. His arguments for utility extensions costs bearing a reasonable share of primary installations--I agree whole-heartedly.

One factor in urban sprawl is definitely a personal or aesthetic choice of the individual to better his personal lot, and not too infrequent, to get a little close to nature. What a recent despot may have appropriately described as "leibensraum."

Your courtesy in having this material sent to me is sincerely appreciated.

Cordially yours,

Ben Musa

August 4, 1964

Senator Ben Musa
P. O. Box 458
The Dalles, Oregon

Dear Senator Musa:

I'm sure you must misunderstand what Professor Gaffney is trying to say, for he is first and foremost an agricultural economist deeply interested in the farmers' problems.

Before becoming chairman of the Economics Department at the University of Wisconsin in Milwaukee, he was professor of Agricultural Economics at the University of Missouri, and he first attracted nationwide attention by his article on the disintegration of our cities through suburban sprawl in the Year Book of the Department of Agriculture!

He feels as strongly as I do about the enormous economic waste of premature subdivision, and he feels as strongly as I do that urban expansion should not drive farming out of the outlying areas until the close-in areas have been more fully developed.

I have relayed your letter to him, and I hope he will want to write you direct and allay your suspicions.

Sincerely,

P. I. PRENTICE
Vice President

T I M E
Incorporated

August 4, 1964

Dr. M. Mason Gaffney
Milwaukee, Wisconsin

Dear Mase:

Maybe you will want to write Senator Musa and put him straight.

As you may recall, he really made some pretty intelligent and thoughtful comments the first day of the Round Table, particularly on the subject of tax shelters.

Best regards,

P. I. PRENTICE

August 13, 1964

Honorable Ben Musa
Senator, State of Oregon
Oregon State Senate
Salem, Oregon

Dear Senator Musa:

Thank you for calling to Mr. Prentice's attention and to mine what may be misleading phrasing in my talk on "Containment Policies for Urban Sprawl." I was very glad to get the benefit of your long experience in the tax field.

As I read the letter of the law, you are correct. "Farms" as such do not get capital gains tax deferment similar to that allowed to a residence. Only the farm residence qualifies.

It becomes a question to what extent the farm land value may be confused or intermingled with the residential value. We would, I believe, underestimate the ingenuity of taxpayers to think they do not contrive to "reside" on more of their investment than a purely objective observer might define as residential.

Farming as a business offers the best opportunity for this commingling of assets, because in farming the residential and the business land are so hard to disentangle. This is especially true of suburban farming, because gentleman farming is such a widespread diversion.

No doubt there are wide variations in practice. It is an area of tax administration where the arbitrary latitude of IRS field men is rather frightening. Of all suburban areas, probably the Los Angeles citrus area, of which I was writing, is probably the easiest in which to allocate much of the value to the residence. For years and years a small Los Angeles citrus grove was generally regarded as a halfway house toward retirement, operated as much for fun as for profit.

Even if the suburban seller gets residential gains treatment on only part of his capital gain, that would suffice to put him in a hurry to buy another grove - he could use the same argument to "residensify" a big part of the new grove. I am not sure that the tax authorities are too good a source for verification. They tend to issue public relations pronouncements representing pious ideals which may break down in application. My information came from some real estate men in Tulare County, California. The evidence is thinly based, and I was glad you warned me about overstating it. We academicians must rely upon vicarious experience from which we can benefit. I would appreciate any further comments you may have.

As to my vendetta against farmers, I must plead innocent. I do not begrudge special privileges to farmers any more than I do to oilmen, auto manufacturers, lawyers, or carpenters. Farm life as such I am all for. In fact, I have been trying for some years to

persuade Mr. Prentice's foundation to help me finish out a study of rural development in California irrigation districts. One of my major concerns is on rural disemployment and depopulation. I suspect it might be reversed by application of the same policy which I have recommended for central cities, with the California irrigation districts a splendid case in point.

Sincerely,

Mason Gaffney
Chairman

WILLIAM DOUGLAS KILBOURN, ESQ.
79 Claflin Street
Belmont, Massachusetts 02178

August 27, 1964

Professor Mason Gaffney
Chairman, Department of Economics
University of Wisconsin - Milwaukee
Milwaukee, Wisconsin

Dear Mase:

It seems to me that your letter gave the perfect answer to Musa. I would only add one thing. Section 1031 of the Internal Revenue Code provides: "No gain or loss shall be recognized if property held for productive use in trade or business or for investment (not including stock, etc.) is exchanged solely for property of a like kind to be held either for productive use in trade or business or for investment."

This section, of course, permits a good deal of tax planning; and there is a good deal of tailoring" of transactions to fit the literal language of the section. For example, a prospective buyer of a suburban farm for cash may instead buy a rural farm (satisfactory to the prospective seller) and then swap farms with him. The question is not whether such a transaction is subject to attack, but how extensive this practice is.

Cordially,

WDK

DIXON AND HUNT
Attorneys at Law

August 31, 1964

Mr. Mason Gaffney
University of Wisconsin - Milwaukee

Dear Mason:

Please pardon the delay in replying to your letters, but, not being in school during the summer, I finally picked up my mail on Friday, August 28, 1964 and hasten to reply.

As noted from the correspondence, the necessity of allocation is recognized in your subsequent letter to Senator Musa. Accordingly, the only question remaining is that of the method and bases for such allocation.

A quick check of the authorities reflects but little information on the matter. Regulation Section 1.1034-1 (3) (ii) provides as follows:

> "Where part of a property is used by the taxpayer as his principal residence and part is used for other purposes, an allocation must be made to determine the allocation of this section. If the old residence is used only partially for residential purposes, only that part of the gain allocable to the residential portion is not to be recognized under this section and only an amount allocable to the selling price of such portion need be invested in the new residence in order to have the gain allocable to such portion not recognized under this section. If the new residence is used only partially for residential purposes, only so much of its cost as is allocable to the residential portion may be counted as the cost of purchasing the new residence."

Obviously, this regulation lacks a great deal in enlightening the taxpayer as to how to approach the problem where the question is not one of allocating the cost of the residence, presumptively referring to the house cost itself, but one of allocating a sufficient amount of land area which would be properly attributable to the residence. The cited regulation gives no enlightenment in this respect.

My approach as a practicing tax attorney has been to use a common sense method and allocate such portion of land costs as are reasonably attributable to the living functions that the house serves. In this sense, normally two or three acres would be a maximum. The remaining land area would be attributable to "the farm," which is the business.

I also quote from a publication put out by the Allen Smith Company called "Farm Income Tax Manual" which is an excellent service and provides as follows in Section 334 thereof:

> "For the farmer the big problem with reference to determining gain or loss on a residence is in allocating the amount of the total farm costs which are attributable to the residence. Frequently an allocation is made when the farmer first made out the depreciation schedule for income tax purposes. Since depreciation claimed subsequently was normally dependent upon what part of the total price of the farm was considered to be for the house at that time, it is ordinarily wise to abide by the allocations then made."

Of course, this reference means that if an allocation as to the farm buildings has once been made for purposes of setting up deductible depreciation amounts for such farm buildings, manifestly the taxpayer would be equitably estopped from changing such amounts. This still avoids the real question of the allocation of the land itself. I believe that my approach above described is about as good as any. As we say, the problem is a factual one to be determined in the light of all the circumstances.

I further note in your letter your jaundiced attitude toward the Internal Revenue people. I feel that this attitude is amply vindicated by my experience in the field. There are many, as you term them, "pious ideals," which aptly describe their published policies. I find many times that such published rulings and regulations are, by administrative practice, ignored or steamrollered out of existence. I have also felt for many years that a high degree of partiality has been shown farmers as compared with other taxpayers. This, however, seems to be changing in more recent years. Conceivably, this historical "soft approach" to farmers would have allowed wide latitude in the instant allocation problem of farmers. Such an approach would give considerable justification to your feeling that the entire farm, or any excessive portion thereof, becomes sheltered under the provisions allowing deferment of capital gains on residences.

It is also easy to conceive how many people would ignore the problem altogether and consider the entire farm, which includes the residence, as subject to the capital gains deferment provisions. In the event that no audit was made of the return, of course, the maneuver would be successful.

I trust the above is some answer to your request for comments.

Very truly yours,

Daniel R. Dixon

UNIVERSITY OF CALIFORNIA, BERKELEY

October 9, 1964

Mr. Mason Gaffney
Chairman, Department of Economics
University of Wisconsin - Milwaukee
Milwaukee, Wisconsin

Dear Mason:

As you admitted in your letter to Senator Musa, you did overstate the possibilities of tax free sales of farms. On the other hand, you may have under-emphasized the amount of tax free exchanging that now takes place.

The number of exchanges which actually take place is an unknown quantity but it is a matter about which there is an enormous interest within the real estate industry. Our program in Los Angeles, particularly, has a number of well-attended classes in exchanging each semester. The industry itself frequently puts on special conferences on exchanging. Bill Casey, a lawyer friend of mine of ancient vintage, has a number of hot-shot publications on the subject, especially one entitled REAL ESTATE EXCHANGES, available from the Institute for Business Planning, Two West Thirteenth Street, New York.

Generally speaking, investment real estate may be exchanged for other investment real estate and both Casey and Prentice-Hall (in their TAX SERVICES) emphasize that city real estate may be the subject of a tax free exchange for a ranch or a farm and that improved real estate, likewise, may be exchanged for unimproved real estate.

I wish I knew the extent of actual tax free exchanging of farms for other property; there is lots of big talk but the facts are hard to come by.

Thank you very much for your paper on "Property Taxes and the Frequency of Urban Renewal." I am preparing an article on a proposed amendment to FEDERAL TAX LAW to encourage the demolition of fully depreciated improvements and your paper will undoubtedly be helpful.

Sincerely yours,

John H. Denton
Head, Business Administration

DIXON AND HUNT
ATTORNEYS AT LAW

DANIEL R. DIXON
M. ALICE HUNT

SUITE 808 CAPITAL CLUB BUILDING
RALEIGH, NORTH CAROLINA

TEMPLE 4-0110

August 31, 1964

Mr. Mason Gaffney
University of Wisconsin-Milwaukee
3203 North Downer Avenue
Milwaukee 11, Wisconsin

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I trust the above is some answer to your request for comments.

Very truly yours,

Daniel R. Dixon

DRD/k

7 -

UNIVERSITY OF CALIFORNIA, BERKELEY

BERKELEY • DAVIS • IRVINE • LOS ANGELES • RIVERSIDE • SAN DIEGO • SAN FRANCISCO

SANTA BARBARA • SANTA CRUZ

UNIVERSITY EXTENSION

BERKELEY, CALIFORNIA

October 9, 1964

Mr. M. Mason Gaffney
Chairman, Department of Economics
University of Wisconsin
Milwaukee, Wisconsin 53211

Dear Mason:

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The number of exchanges which actually take place is an unknown quantity but it is a matter about which there is an enormous interest within the real estate industry. Our program in Los Angeles, particularly, has a number of well-attended classes in exchanging each semester. The industry itself frequently puts on special conferences on exchanging. Bill Casey, a lawyer friend of mine of ancient vintage, has a number of hot-shot publications on the subject, especially one entitled REAL ESTATE EXCHANGES, available from the Institute for Business Planning, Two West Thirteenth Street, New York.

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Thank you very much for your paper on "Property Taxes and the Frequency of Urban Renewal". I am preparing an article on a proposed amendment to FEDERAL TAX LAW to encourage the demolition of fully depreciated improvements and your paper will undoubtedly be helpful.

By the way, I was in Milwaukee this summer briefly trying to get an intensive one-day education on the subject of urban extension. I had an excellent briefing from Drs. Schmandt and Olsen.

Sincerely yours,

John

John H. Denton
Head, Business Administration

JHD:bg

Mase:
This was dictated on the double—
too many other things to do—
I hope it will be helpful if
less elegant—in fact lets coherent—
than I would have liked.

August 13, 1964

Honorable Ben Musa
Senator, State of Oregon
Oregon State Senate
Salem, Oregon

Dear Senator Musa:

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Sincerely,

Mason Gaffney
Chairman

MG bg

cc - Daniel R. Dixon
Douglas Kilbourn
Frederick Stocker
P. I. Prentice

September 11, 1964

William Douglas Kilbourn, Esq.
79 Claflin Street
Belmont, Massachusetts 02178

Dear Doug:

Thanks for your help and your supplement to my letter to Ben Musa. I was afraid the old boy had caught me off base, and indeed I will be more cautious in the future.

We haven't been to Vermont for some years now. Maybe we will make it next year, but it looks as though the pressure to go to Hawaii is boiling over.

Do you people ever get back to Oregon? If you are going to come this way please write and plan to visit. The kids pair off nicely. Now we also have Stuart M., age 1½. Do you have a counterpart to offer?

I also sent you a copy of Daniel Dixon's comments. He is really a nice fellow, but when he goes on paper he sounds like a stuffed shirt.

Sincerely,

Chairman

MG bg

WILLIAM DOUGLAS KILBOURN, ESQ.
79 CLAFLIN STREET
BELMONT, MASSACHUSETTS 02178

August 27, 1964.

Professor Mason Gaffney,
Chairman, Department of Economics,
University of Wisconsin-Milwaukee,
3203 N. Downer Avenue,
Milwaukee 11, Wisconsin.

Dear Mase:

Your grasp of tax matters continues to amaze and delight me! Your letter of August 13 was excellent--better than I could have done myself. It was here in Center Sandwich when I returned from a three week's trip Monday. When are you going to make your next trip to New Hampshire? Whenever it is, please give us a call and drop in for a visit. We have built a summer-winter house which we use all summer and many weekends plus Christmas vacation in the winter.

It seems to me that your letter gave the perfect answer to Musa. I would only add one thing. Section 1031 of the Internal Revenue Code provides: "No gain or loss shall be recognized if property held for productive use in trade or business or for investment (not including stock, etc.) is exchanged solely for property of a like kind to be held either for productive use in trade or business or for investment."

This section, of course, permits a good deal of tax planning; and there is a good deal of "tailoring" of transactions to fit the literal language of the section. For example, a prospective buyer of a suburban farm for cash may instead buy a rural farm (satisfactory to the prospective seller) and then swap farms with him. The question is not whether such a transaction is subject to attack, but how extensive this practice is.

Do you remember that you sent me a magazine article about five years ago. I enjoyed reading it very much and thought it an excellent job; indeed, I made some notes and planned to write you right away! The magazine and notes lay on my desk for four years awaiting my attention, and finally last fall I filed them away! Anyway, it was great. Best regards, Mase--hope to see you and the family before too long.

Cordially, Doug

TIME
INCORPORATED

TIME & LIFE BUILDING
ROCKEFELLER CENTER
NEW YORK 10020
JUdson 6-1212
EXECUTIVE OFFICES

August 4, 1964

Dear Mase:

Maybe you will want to write Senator Musa and put him straight.

As you may recall, he really made some pretty intelligent and thoughtful comments the first day of the Round Table, particularly on the subject of tax shelters.

Best regards,

P. I. PRENTICE,
Vice President

Dr. M. Mason Gaffney
Milwaukee, Wisc.

7. Inc. Tax & allocation of Land

BEN MUSA
HOME ADDRESS
P. O. BOX 458
THE DALLES, OREGON

PRESIDENT OF THE SENATE

STATE OF OREGON
OREGON STATE SENATE
SALEM

July 29, 1964

Mr. P. I. Prentice
Vice-President
Time Incorporated
Time & Life Building
Rockefeller Center
New York, N.Y. 10020

Dear Mr. Prentice:

Thank you for having sent to me a copy of Mr. Mason Gaffney's address "Containment Policies for Urban Sprawl."

It was with interest that I read this paper, and must confess much of it I read over again to assure myself I fully grasped the writer's message.

One passage--on page 4--gravely disturbed me. I quote "When a suburban farmer sells out, the law lets him defer his capital gains tax indefinitely if he buys another farm within one year. That sends hundreds of buyers with more money than brains, as one real estate man put it, swarming over the countryside seeking some one willing to sell immediately. It bids up prices so that no one without a special tax situation can afford to buy land unless he is willing to pay for it out of his hide, so to speak, or is willing to gamble on putting it to a more intensive use than most people have heretofore considered economic."

As a practicing Certified Public Accountant for the past 22 years; and for six years prior to that time as Chief Zone Deputy for the Internal Revenue Service, never have I found such a bananza for any of my clients. Some have tried (while I was with Internal Revenue) but all without any success. The only possible exception would be in the case of involuntary conversion due to the excercise or threat of condemnation by Eminent Domain. It is unfortunate that somone in Mr. Gaffney's esteemed position would make such a statement without verification by the taxing authorities.

X It appears Mr. Gaffney has a vendetta against farmers as a class of society. Our state tax commission in Oregon held similar views, and attempted to appraise purely agricultural lands adjacent to industrial areas at the same value as lands used for industrial or commercial purposes, on the

premise that these agricultural lands could also be used for purposes other than agriculture. All this with the remotest possibility such agricultural lands would ever be used for industrial or commercial expansion. Our legislature passed a "so-called" green belt law to protect many of our farmers who joined a perimeter of an urban area. Once such farm lands were not actively used in agricultural production; or if any attempt was made to subdivide these lands for urban developement, then the entire tract ceases to be appraised as agricultural land.

I regret that with the re-reading of Mr. Gaffney's paper I did not receive his selling point of high taxes on land--lower taxes on improvements or developements. His arguements for utility extensions costs bearing a reasonable share of primary installations--I agree whole-heartedly.

One factor in urban sprawl is definitely a personal or aesthetic choice of the individual to better his personal lot, and not too infrequent, to get a little closer to nature. What a recent despot may have appropriately described as "leibensraum".

Your courtesy in having this material sent to me is sincerely appreciated.

Mrs. Musa joins me in sending kindest personal regards.

Cordially yours,

Ben Musa

Ben Musa

BM:rep

August 4, 1964

Dear Senator Musa:

I'm sure you must misunderstand what Professor Gaffney is trying to say, for he is first and foremost an agricultural economist deeply interested in the farmers' problems.

Before becoming chairman of the Economics Department at the University of Wisconsin in Milwaukee, he was professor of Agricultural Economics at the University of Missouri, and he first attracted nationwide attention by his article on the disintegration of our cities through suburban sprawl in the Year Book of the Department of Agriculture!

He feels as strongly as I do about the enormous economic waste of premature subdivision, and he feels as strongly as I do that urban expansion should not drive farming out of the outlying areas until the close-in areas have been more fully developed.

I have relayed your letter to him and I hope he will want to write you direct and allay your suspicions.

With kindest personal regards to you and Mrs. Musa

Sincerely,

P. I. PRENTICE,
Vice President

Senator Ben Musa
P O Box 458
The Dalles, Oregon

IN AMERICA'S BIGGEST INDUSTRY ALMOST EVERYONE READS

House & Home

PUBLISHED BY TIME INC.

TIME & LIFE BUILDING, ROCKEFELLER CENTER
NEW YORK 20, NEW YORK
JUDSON 6-1212

September 12, 1960

Dear Mason:

No investments are subject to capital gains taxes when the owner dies - the government takes a big inheritance tax instead.

But the gimmick on land is to get a low appraisal for the inheritance tax because the inheritance tax rates on sizable estates are very much higher than the capital gains tax.

I don't think that allowing conduit tax treatment for real estate investment trusts will afford land much. All other investment trusts have had this treatment all along.

Are you getting many letters about our land issue? I'd be interested in seeing some of them. We are getting big land cheers here, so thanks again for your help. So far we have had only two or three blasts, mostly from land speculators.

Sincerely,

P. I. PRENTICE
Editor & Publisher

Mr. M. Mason Gaffney
1610 Wilson Avenue
Columbia, Missouri

January 15, 1991

TO: Mason Gaffney, Ph.D.
Economics

FR: Deborah J. McCoy D. McC.
Director

RE: Forum on California State Legislative Fellowships
January 22, 1991 4:00pm
Small Commons Conference Room

There will be a forum on Tuesday, January 22 at 4:00 p.m. in the Small Commons Conference Room presented by Elizabeth Fenton, UCR alumna and Assembly Fellow for Steve Clute. She will be providing information on the one-year Jessie Marvin Unruh Assembly Fellowships and the California State Senate Fellowships. Both of these programs require a bachelor's degree. All majors are considered. Duties can include legislative research, bill analysis, constituent casework, and speech and press release drafting.

These prestigious fellowships provide an excellent foundation for a variety of careers. I hope you will announce the forum to your classes and encourage your students to attend.

Enclosure: Forum flier

DM/ls

Mase — I toned down my letter a bit before sending it to Wally Oates, in hopes of keeping lines of communication open. But please let me know if & where I'm off base. Do you get feeling Oates-Schwab couldn't bear to find that LVT led to their remarkable findings? cordially — Walt

November 30, 1991

Prof. Wallace Oates
Department of Economics
University of Maryland
College Park, MD 20742

Dear Wallace:

I appreciated very much seeing your Oates-Schwab Pittsburgh study. Data you developed are an important addition to the literature.

I wish I had time to give you a careful, detailed critique. But when I look at my calendar, I see this would mean a long delay. So forgive some hasty impressions. They're intended to be constructive--to assist in further uses of your findings and any additional work on the topic.

THE ECONOMIC SETTING

First, I'm sorry you didn't talk to Congressman Coyne as I proposed. He was the prime author of the big tax differential you focus on, and he has a clear perspective of the situation at the end of the 1970s.

Your piece implies these were boom times for the city. Does the collapse of the steel industry during the 70s and into the 80s deserve some mention, for example, on page 2, and perhaps more emphasis throughout the piece?

At the time of the big tax change, council was fearful that Pittsburgh would go the way of Cleveland and New York City, both of which were on the verge of bankruptcy. So the tax increase--on site values instead of on wages as Mayor Caliguiri proposed--represented a determination to fend off fiscal disaster.

P.16, first para. "results suggest..." City officials, watching other cities going down the drain, so to speak, determined they would take steps, however painful, to pay their way rather than going into debt or postponing all urgent infrastructure programs (although some were delayed, if memory serves).

Coyne, considering a land tax increase, went to a Nobel economist at Carnegie Mellon who strongly supported the idea. During the debate, opponents insisted the higher land tax would 1) halt downtown construction, 2) drive employment out of the city, and 3) weaken the tax base for the future. Of course, none of these occurred. These anti arguments are interesting because they throw light on the later claim of those same opponents (cited in the PEL report and apparently given some credence now by you) that the construction boom would have happened in any event.

Table 2. I believe, had you gone back in time, you would have found that the county and school rates were much lower, both absolutely and relatively, in the immediate post-WWII era. So there was a significant property tax differential during Renaissance I. The baby boom and the growth of communities in Allegheny County beyond the city limits led to major tax increases by the county and school districts.

These increases gradually diluted the 2:1 differential rates, when looking at the total tax bite (as you properly do) on city property owners. The differential remained just as a token until the 1980 rates came along to assist Ren II.

URBAN RENEWAL

You mention urban renewal on p.2. How many of your other 14 comparison cities had urban renewal programs at the same time? At least several to my personal recollection. Certainly Detroit had its disappointing performer, the RenCenter, and it also had large

Mike, too!

amounts of vacant (slum clearance) land in the CBD the last time I was there.

P.10. Federally supported urban renewal, as typically performed in most cities, involved a federal purchase and write-down of land values that were deemed too high--and thus an obstacle to development.

In Pittsburgh, in contrast, both Renaissance I and II benefitted from a tax that made it economically painful to hold on to unused or underused land, while simultaneously reducing the "tax penalty" on improvements.

Renewal is clearly a big and complex subject. But if you use urban renewal as a kind of "excuse" for why the land tax looked so good, then you must dig more deeply into how and why the renewal experiences in Pittsburgh and other cities differed so greatly.

On this score, you might find it helpful to see the Schalkenbach Foundation publication of the insightful study, Rosslyn, Virginia: A Case Study in Urban Renewal. This was done by the late Lyle Bryant. Lyle worked with Miles Colean whose writings did much to spark the federal renewal program; and he understood how Colean's free-enterprise concept of urban renewal (along the lines of Pittsburgh's tax strategy) was undermined by the feds, who turned it into a kind of charity program for slum landlords, not to mention a social disaster in many cities that blacks called "urban removal."

Pp.10-11. Related to urban renewal are public-private partnerships. In discussing these, it would be more meaningful to clarify the character and value of the public subsidies, in Pittsburgh and elsewhere. How did the "public assistance" noted in Para.1 on p.11 compare in dollar value with that given to New Haven, Philadelphia, or cities like Detroit in your sample? If you cite this assistance to imply it accounted in some degree for the surprising statistics you found, don't your readers need more information on the specifics so they can judge its impact?

TIMING VERSUS SPATIAL ISSUES: COMPACTNESS OR SPRAWL

There's a classic journalism story about the cub reporter sent from New York to cover the Johnstown flood disaster. He started dictating his story: "From the top of the hill overlooking Johnstown, God surveyed a scene of utter devastation..." His editor screams into the phone: "Stop! Forget the flood. Interview God."

I'm reminded of this by your discussion on timing and by your Table 5 data. These bring you head to head with major urban issues of the day: sprawl versus compactness...the decay of central cities...the "malling" of America...premature and harmful urbanization of farmland, open space and sensitive ecological areas. Your silence on these issues surprised me.

P.5 You pay lots of attention to possible premature development of high-value land. How can you not weigh this against the prevalence, under the conventional property tax, of massive premature development of relatively low-value land that has occurred in most metropolitan areas? We must look not only at <u>when</u> development occurs, but <u>where</u>. If the tax you are studying suggests that it tends to concentrate new growth in the urban centers, it certainly is not to be denigrated on that account. The centripetal force of the land tax versus the centrifugal effect of undertaxing land and overtaxing buildings strikes me as a feature that should be brought to the attention of those trying to solve the spatial problems of America's ailing cities.

When I computed from your Table 5 that Pittsburgh's in-city development was matched with slow commercial-industrial growth outside the city, and that city housing grew significantly while falling outside the city, I wondered how your other cities behaved in these respects. Commercial growth <u>outside</u> Akron rose 39% a year, 70% in Allentown, 54% in Cincinnati, 106% in Columbus, 40% in Rochester, 64% in Rochester, 65% in Youngstown. Wouldn't the central cities have loved to have had some mechanism for focusing a larger part of that development within the core areas?

P.7, bottom. You pose a theoretical problem of "socially excessive levels of current development" under the land tax. Yet, in NON-land-tax areas across the US (due to misguided federal taxes in tandem with the property tax) a tremendous amount of socially excessive development was undertaken in the 1980s. These vacant units are now a dead weight on the realty market and the economy. If this contradiction between theory and fact doesn't lead to reassessment of the theory, it begs for some explanation.

P.17, para 3. "center-city phenomenon." You seem to be stumbling into an anti-sprawl effect. Whether or not you credit the tax, this is too important to American cities not to explore.

P.20. Again, couldn't the overlooked anti-sprawl effect of the land tax help account for some of this tight market in the city?

Let me emphasize that I don't begin to believe that the local tax system is the only factor in the deterioration of core cities and the scattershot urbanization around the countryside. (See my study, Compact Cities: Energy Saving Strategies for the Eighties, Banking, Finance and Urban Affairs Committee, GPO, 1980, for many other reasons for central city decay and metropolitan sprawl.) In Pittsburgh's case, geography may play a big part: it isn't as easy to sprawl over Allegheny County hills as over flat Scioto County outside Columbus, for example.

HOUSING

P.17, line 1. "only modestly." This needs historical context. In much of the nation, as in Pittsburgh's metro area, new housing ~~housing~~ construction had come to a virtual standstill in 1979-82: new rental housing was almost nonexistent for a longer period. At a Valley Forge conference in that era, the director of the Philadelphia homebuilders said his city had 6 new home permits for the whole year!

The Pa. Economy League study cited Pittsburgh's annual permit data from the Bureau of Building Inspection, from which I was able to measure the residential building for the six-year periods before and after the 1979 watershed tax change. During the latter years, the number of residential permits fell 9%, but their dollar value was up a dramatic 120% compared to the earlier period.

Also, I was able to estimate conservatively that the number of residential "extensions and additions" were down only 2.7% in the city and that their dollar value was up 114.5% for the second period. In the category of residential "alterations," I estimated the number was up 5% and the dollar value up 9.3% for that same period.

While the impact on housing construction clearly is not as remarkable as in the commercial area, it may deserves more attention than you gave it. Also, had you checked, as I suggested, with the Center for the Study of Economics in Columbia, you would have obtained further data on the salutary effects on housing construction.

What to make of the city-suburb residential patterns in your Table 5? Rochester's 163% annual increase in housing in the 80s seems fantastic until you realize that, in the 80s as in the 70s, the annual dollar amounts were ridiculously low by any standard for a city of its size. Same thing for Buffalo, Canton, Dayton, Erie, Syracuse and Youngstown. Only Columbus outshines Pittsburgh. (Incidentally, don't you agree that including the numbers of permits as well as dollar value, if available, gives a much richer picture of what has been happening?)

LAND TAX STILL A POLITICAL FOOTBALL

P.19, last sentence. Given the very political nature of the PEL study, in which the Mayor (who vigorously opposed the differential tax and habitually vetoed the council's votes on the measures) sent his assistant to PEL to conduct the study, this quote by unidentified "development experts" should not be taken on faith.

P.24, para 1. Would be good to name sources. Land speculators have been notorious

for getting their views across, whether through little old ladies in tennis shoes, political lackeys or others. In other words, extreme caution is called for here.

TAX REDUCTIONS ON BUILDINGS

Because tax rates on improvements were held fairly constant while rates on land values was raised, this does not justify a conclusion that tax relief on improvements was minimal. The relief is measured by how much rates on improvements would have had to be increased had there been no shift to land values. From that perspective, relief in percentages and in dollar values was substantial.

P.24, para 2. Abatements, of course, work in the same direction as tax relief on improvements, but they apply selectively to new construction and are then phased out. Since abatements were cited as an important element in this case, it would have been helpful to note which of the comparable cities had abatements, and whether they offered them on less or more favorable terms.

PRESENTED AS ISOLATED CASE

P.25. "...cannot conclude, from the Pittsburgh experience at least..." Would it not have been worth at least a footnote, here or elsewhere, to reveal that 16 other Pennsylvania cities have a similar tax system? As do cities in New Zealand, Australia, South Africa, etc.? And that, to the degree research focused on this topic, almost all the studies lead to the "coincidence" of similar findings with regard to engendering more economic growth?

* * *

Hope these comments aren't too rambling or hard to follow. Well, you can see I am somewhat disappointed by aspects of the presentation, but this gives a distorted negative picture of my overall impression. Your findings and thoughtful analysis of many aspects should engender much interest and further research. Thanks again for sharing, and let's get together to talk these things over.

Sincerely,

Walter Rybeck

W Rybeck table based on Oates-Schwab study

CHANGE AND % CHANGE (+ OR -) IN VALUE OF ANNUAL CONSTRUCTION FROM 1970s (74-78) TO 1980s (80-89) FOR RESIDENTIAL PERMITS IN CITIES AND SUBURBS, AND FOR NONRESIDENTIAL IN SUBURBAN AREAS
[using Census data from Oates-Schwab, Table 5]

	CITY RESIDENTIAL	SUBURB RESIDENTIAL	SUBURB COMMERCIAL
PITTSBURGH	43,349.5 [80s]	425,064.8 [70s]	227,749.1 [80s]
	35,933.9	295,294.3	217,861.5
change	7,415.6	(129,770.5)	9,887.6
% change	20.64%	-30.53%	4.54%
AKRON	28,239.1 [70s]	188,024.7 [70s]	83,458.3 [80s]
	27,930.2	124,320.1	60,016.7
	(308.9)	(63,704.6)	23,441.6
	-1.09%	-33.88%	39.06%
ALLENTOWN	26,448.6 [70s]	196,737.1 [80s]	109,859.3 [80s]
	20,280.5	143,925.2	64,490.5
	(6,168.1)	52,811.9	45,368.8
	-23.32%	36.69%	70.35%
BUFFALO	8,447.0 [70s]	183,765.9 [70s]	136,969.0 [70s]
	8,385.7	179,261.1	129,651.9
	(61.3)	(4,504.8)	(7,317.1)
	-0.73%	-2.45%	-5.34%
CANTON	11,607.9 [70s]	122,660.2 [70s]	47,132.2 [70s]
	6,160.7	60,512.6	44,343.1
	(5,447.2)	(62,147.6)	(2,789.1)
	-46.93%	-50.67%	-5.92%
CINCINATTI	36,123.1 [70s]	374,212.4 [70s]	308,337.6 [80s]
	20,238.2	344,201.0	200,557.3
	(15,884.9)	(30,011.4)	107,780.3
	-43.97%	-8.02%	53.74%
CLEVELAND	30,254.2 [70s]	558,518.4 [70s]	419,515.7 [70s]
	28,602.6	384,035.5	277,133.6
	(1,651.6)	(174,482.9)	(142,382.1)
	-5.46%	-31.24%	-33.94%
COLUMBUS	216,897.4 [80s]	241,788.8 [80s]	108,639.1 [80s]
	153,306.0	226,599.1	52,714.8
	63,591.4	15,189.7	55,924.3
	41.48%	6.70%	106.09%

	CITY RESIDENTIAL	SUBURB RESIDENTIAL	SUBURB COMMERCIAL
DAYTON	9,469.3 [80s]	218,592.9 [70s]	107,213.4 [70s]
	7,790.0	140,547.8	105,572.5
	1,679.3	(78,045.1)	(1,640.9)
	21.56%	-35.70%	-1.53%
DETROIT	53,939.1 [70s]	1,235,572.5 [70s]	909,042.7 [80s]
	49,412.1	902,073.4	664,399.5
	(4,527.0)	(333,499.1)	244,643.2
	-8.39%	-26.99%	36.82%
ERIE	10,955.7 [70s]	41,776.7 [70s]	18,845.2 [80s]
	4,129.8	29,440.3	18,203.9
	(6,825.9)	(12,336.4)	641.3
	-62.30%	-29.53%	3.52%
ROCHESTER	9,220.6 [80s]	280,917.9 [80s]	151,044.7 [80s]
	3,508.0	194,534.4	107,759.2
	5,712.6	86,383.5	43,285.5
	162.84%	44.41%	40.17%
SYRACUSE	9,060.2 [70s]	125,347.7 [80s]	77,838.3 [80s]
	7,346.1	101,339.0	47,338.0
	(1,714.1)	24,008.7	30,500.3
	-18.92%	23.69%	64.43%
TOLEDO	57,844.8 [70s]	177,223.8 [70s]	88,513.8 [80s]
	33,996.3	146,666.7	83,833.4
	(23,848.5)	(30,557.1)	4,680.4
	-41.23%	-17.24%	5.58%
YOUNGSTOWN	13,667.6 [70s]	107,541.3 [70s]	51,903.9 [80s]
	5,705.1	49,797.6	31,499.4
	(7,962.5)	(57,743.7)	20,404.5
	-58.26%	-53.69%	64.78%

Mason Gaffney, P.O. Box 7998, Riverside CA 92513-7998
Note new area code: 909/687-1677

8 Jan 93

Walt Rybeck
10615 Brunswick
Kensington, MD 20795

Dear Walt:

Your response to Oates delights me. There is fire in it, but controlled so as to hit the mark without loss of temper. He has no excuse to discard, ignore, or trivialize it. Don't you love his penultimate sentence, p.25, " ... extravagant claims that land-tax proponents have made ..."? It's the old device of attacking anonymous, shadowy, "dogmatic cranky single taxers," citing none so no one will talk back. At the same time, he gives credence to wild-swinging allegations by PEL, some of them apparently unpublished. This kind of work is less like oats than the product of oats and horses.

Overall, the work is hasty and of low quality. People writing for LILP can get away with that stuff if they come to properly hands-off conclusions. Disgusting. If it were a dog it would bite him, yet he leans over backwards to mute the obvious with academic games.

It surprises me he doesn't do more with population changes. A biased, barbarian critic could point to falling population, attribute it to land taxation, signal his claque to applaud, and walk away. Your approach is to take falling population as exogenous, and credit LVT with arresting it. You are doubtless right, but that is something we need to show. Someday we may suddenly be challenged with that. Oates is too "cute" to be so obvious: he's writing for his peers.

P.2, you are right, he should have given reasons for steel industry collapse.

You are also right, lvt is a way of staving off bankruptcy w/o driving away business. This is the California dilemma now. Gov. Wilson keeps saying we must hold down taxes or drive away business and jobs. Yesterday he went farther, he wants to cut taxes (damn the deficit, the school crisis, and our rotting infrastructure!). We have a state crisis, the inevitable outcome of Prop. 13, to which lvt is the only answer. (I hope Art sent you copy of my letter to Charleston Gazette.) Pittsburgh would be in that soup now, without lvt.

I assume the Nobel economist at Carnegie Mellon was Herbert Simon. How can we marshal his talent and fame to our cause? Have you talked with him?

Table 2, of course he should have extended the county and s.d. tax series' all the way back. Sloppy! The several steps of committee review that LILP uses to modify the work of its primary researchers should pick up points like that; instead, apparently, they make sure that no pro-lvt evidence is allowed to stand out clearly.

P.2, urban renewal. This program was a national urban disaster. For him to attribute <u>actual</u> renewal to it is ludicrous. In Milwaukee, too, the inventory of cleared, unrenewed land just grew larger year by year. Your phrasing is just right: he uses it as an "excuse" for why lvt looks so good.

P.10, you are right again. Oates: "political and business leaders launched a series of major construction projects ..." The phrasing implies some third force at work here, unaffected by tax policy. The attitude toward "business leaders" is idolatrous - Lincoln probably likes that. What is "launched"? It is OK for Oates to be vague at his convenience, but statements by lvt "advocates" are "extravagant claims." Ugh.

Re premature development, you've got him when you note his silence on premature sprawl. His concern is partial, selective, biased. Neither does he ever deplore <u>post</u>mature development and renewal. It is easy to demonstrate those are the results of taxing buildings.

Neither does he ever show what is optimally mature timing of development. How can there be "premature" until we define "mature"? His n.2, p.5, suggests the "liquidity effect" of land taxes may lead to "premature" development, but he neither shows it, nor cites anyone. My own position is that the <u>absence</u> of land taxes and their "liquidity effect" is what is non-neutral. His implicit assumption is clearly that whatever happens with fee simple ownership, with taxes at zero and public services supplied by God, is "neutral." This view commands little support among tax theorists.

P.17, isn't it interesting that Philadelphia is lacking from his comparison cities, while Syracuse, Toledo et al are in. Apparently he thinks statewide policies are irrelevant? I would think that Pittsburgh v. Philly is the next great Tale of Two Cities for your expository genius.

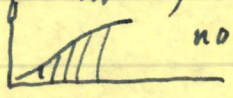
Your p.4, no, your comments are not rambling or hard to follow. They are pointed and sharpened. He may find them hard to accept. "None so blind as those who will not see."

It will be interesting to see if someone cites Oates' work at Albany next week!

Cordially,

FEE 1976

0. Env. is incidental.
1. Things we sacrifice to make jobs.
   Env.
   Peace
   Price level
2. Evils derived from unempl.
3. Iatrogenic unempl.
   + feedback loop.
4. Elemental riddle at fountainhead.
   Tom Paine & the Luciani.
5. Demand a-plenty, 1976.
   Demand-side went out. ? helped push.
   Plenty of demand for everything except labor.
6. Coeffs. of land & K too hi.
   So they set limits.
7. Grow by changing coeffs.
   a. How to sub. labor for K: ‡ turnover faster. ‡
   b. " " create K.
   c. Turnover.
      Fund/flow ratio. ★
      Gross/net ratio (of invt.)

‡ Also embodies new techniques. ★  normalized opn.

Normalized opn. + factor propn.

I = Input
F = Flow of Output
K = Capl.

A. Students in school

I = 1
F = 1
K = 4 = n

$\frac{K}{F} = 4 = n$ = pd. of inv t.

B. Trees.

n = 60. But Consider compound int.



Area under curve = $I + I^2 + \dots + I^n = \frac{I^n - 1}{i}$

Int = $I^n - 1$. Same as point case.

4. Machines. sum of Value added by int = $i \frac{1 - I^{-n}}{i} = 1 - I^{-n}$

8. Dismal choices.
   Phillips Curve : infln. or unempl.
   ~~Peace~~ War or poverty (K-u. Hawks)
   Growth or Env. Quality.
   ~~Deficit or~~
   Wage + price controls or infln.
   Today vs. posterity

9. No artificial stimulus to make work, or ~~plan~~ forced obsolescence.
p. 85
   Rather remove artificial depressants. E.g.
   Wage Tax. p. 99
   Energy - ~~off~~. air condit. subsidy for.

10. E. Side of Sq V.
   a. Why E. Side?
   b. Slight shadings of input prices not =d by mkt.
   c. Labor share:
      Energy 40 yrs
      Bonds 93 yrs. Tiny % of land.
      Water goes w. less intensive.
      Products of land make more jobs as they move downstream. E.g. plum jam.

11. Ta. 6-2. How do nos. speak for themselves?

12. Use of labor is regressive. Alabama data.
   New jobs all come from small bus.
   Japanese bus. are small.

13. Govt. wastes land & K.
U.C.; RCC
V.A. in West L.A.
MAFB; Presidio.

Land never appears in budget.

14.

Course Mtrls. Ec. 132 F - 2010

1 Ec. Numbers
2 " " What have we learned 9-24
3 " " answers & needed corrections
4 Excess burden Quantum Leap Effect
5 Gauging exc. burden
6 Temporal e.b. of bldg taxes LPPT
7 Land price when rent will rise
8 What are cap gains
9 Empty words #1
10 " " #2
11

Eqns

#1 $V = \frac{a}{i + t - g}$

$(i-g)$ is r, r-eal int. rate?
No, g has 2 parts!

#2,3 $V = \frac{a + V'}{i + t}$

#4 $Vt = \frac{t}{i+t}\left(a + V'\right)$

$F = Pi$

$\frac{P}{F} = \frac{i}{i}$ P/e ratio; gears purchase: dernier

Basics

Point Values

~~4-6-a~~

4-1

Compounding point values

$(1+i)^n \equiv I^n$

$1.072^{10} = 2$ $\qquad i \times n =$

$1.1^7 = 2$

Doubling rule $\frac{72}{100i} \cong 2$

$1.072^{60} = 2^6 = 64$

4-6-a

~~4-6~~

Discounting

$P = \frac{F}{I^n}$

Flow Values

4-1-a

I. Perpetuities

$a = P \times i$

Flow = point x rate

$P = \frac{a}{i}$ - Capn. ~~Fl/r~~ Flow/Rate = Point

4-6-b

II. Finite flows

$$P = \frac{a}{i} - \frac{a/i}{I^n} = a\left[\frac{1 - I^{-n}}{i}\right] \equiv PVF$$

$$a = P\,\frac{i}{1 - I^{-n}} = LPF$$

$$F = P\,I^n = a\left[\frac{I^n - 1}{i}\right] = FVF$$

$$a = F\left[\frac{i}{I^n - 1}\right] = SFF$$