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MEMORANDUM

January 21 1974

TO: Honourable Robert Williams, L. Laudadio, Ron Shearer,
P. Copes

SUBJECT: Suggested Organizational Structure
B. C. Institute for Economic Policy Analysis Second Draft
Circulated for suggestions.

I. Board of Directors and Executive Director

- A. 7 members of Board, including Executive Director, who is ex officio member.
- B. Two classes of Directors:
 - 1. Ex officio members (4)
Chairmen of Departments of Economics, University of Victoria, U.B.C. and Simon Fraser University.
Executive Director of B. C. Institute.
 - 2. Appointed members (3)
Lieutenant-Governor in Council appoints. 5-year terms, staggered. At the beginning there shall be 1 appointment for 3 years, 1 for 4 years; 1 for 5 years. Everyone is eligible for one re-appointment.
- C. Board elects its own officers and adopts own by-laws. The Executive Committee consists of the Executive Director and 2 members of the full Board.
- D. The Executive Director carries out the general policies adopted from time to time by the Board of Directors and reports to them. The Executive Director is also appointed as a staff member and shall remain involved in research, teaching and such staff activities.

E. The Board may, in its discretion, appoint a Director for Academic Affairs to administer teaching and degree programs as these evolve; an Editor to handle publications; a Librarian; an Executive Assistant, and other support staff. It is not required to make such appointments until and unless there is a need.

II.

Functions of B. C. Institute

Subject Matter: Land and resource economics; public finance; employment; industrial organization.

Activities: Research; conferences; consulting; teaching and in-service training; coordination with universities; research grants; public release of findings.

Area coverage: Primary emphasis is on Provincial policy; but some topics lead to national policy.

Immediate program, pending recruitment of staff:

1. Series of conferences and seminars on issues of public policy. Conferences bring together practitioners and academics, local and world experts.
2. Consultation with Environment and Land Use Committee of Cabinet, using Acting Director and specialists in areas of concern.
3. Research by Director.
4. Research Grants, supporting work relevant to policy decisions faced by Cabinet.

Permanent Program:

1. Continue the immediate program.
2. In-service training for civil servants, in coordination with universities.
Staff research
Grants for research.

Masters in Economic Policy Analysis, in coordination with universities.

Will accept appropriate university courses for credit, and admit university students to courses for credit (by arrangement with the universities). Degree - to be granted by a university, subject to satisfactory negotiations. It is recognized that granting of mid-career degrees to civil service staff may involve modifying established degree requirements in minor ways.

3. Research in 4 subjects of Institute concern.
4. Edit or publish a B.C. Citizens' Digest in terse readable style summarizing for a wide audience the findings of research and proceedings of conferences.

III. Budget.

- A. Budget shall be income earned by initial perpetual endowment fund of \$5 million, plus future additions. Endowment is irrevocable and fully assigned to Institute.
- B. Endowment shall be invested by Department of Finance.
- C. Income shall be placed in an account in name of Institute. Unexpended income shall be (reinvested in liquid securities and) carried forward to next year's budget.
- D. Department of Finance shall designate a liaison officer to draw on the account on the order of the Institute through its Director and designated representatives. Bills shall be paid promptly.
- E. Department of Finance shall only audit and verify expenditures. Decisions of personnel, program and policy are controlled by Board of Directors. Blanket procedural orders which may from time to time affect civil service do not apply to Institute account.
- F. On completion of negotiations with University of Victoria or other host institution, Institute account shall be transferred to administration by financial department of said institution.

IV. Personnel Policies.

- A. The Board of Directors makes appointments on recommendation of a Personnel Committee which shall include the Academic Members and the Executive Director. The personnel procedures in the universities in respect to standards of competence, term of appointments, and evaluation by peers shall be taken as a guide. Some staff members shall be included on the Personnel Committee, as staff is added.
- B. A standard package of fringe benefits shall be made part of personnel contracts, on a plan to be approved by Board of Directors.
- C. The Executive Director will keep staff performance under continuous review. It is his responsibility to recommend periodic salary adjustments to the Board.
- D. Recruitment is the responsibility of the Executive Director, who shall recommend appointments to the Personnel Committee. Criteria for guiding recruitment shall be achievement, promise and ability, and familiarity with subject matter studied by B. C. Institute.

V. Panel of Consultants.

The Executive Director shall nominate and the Board of Directors approve a Panel of Consultants, leading citizens concerned with economic policy issues.

Panel members shall be solicited for advice on substantive areas needing research.

VI. Reporting

The Institute shall report annually to the Lieutenant-Governor in Council.

Mason Gaffney
B.C. Institute for Economic Policy Analysis
UNIVERSITY OF VICTORIA
VICTORIA, B.C. V8W 2Y2
January 25 1974

Ms. Polly Roberts
2498 Channing Way
Room 218
Berkeley, California 94704

Dear Polly:

Enclosed is my correspondence from Tom Webb of the University of Wisconsin press. This is the extent of his commitment to me and mine to him.

Thank you for your news about Peter Barnes, Frances and Walton, John Rowe, George Peterson and others. We do seem to work the same side of the street. Walton's lecture on the ecological fallacy sounds pretty well reasoned. I don't know why ecology should get the blame for this particular fallacy. It sounds like a fallacy of grouped data. It's sort of like saying that since the average farmer has a lower income than the average city man then poor people in the cities should support rich people in the country. You run into it all the time. I'm glad someone has given it a name. I hope that helps.

It is clearly a close relative of regression fallacy, which you may remember I discussed in "The Property Tax is a Progressive Tax"; but now, to add to the irony, you may recall that one way of avoiding regression fallacy is to use grouped data, where the data are grouped by some criterion other than the variable being investigated. See chapter 6, 7 and 8 of "Housing and Income" by your fellow female Margaret Read.

I am delighted to learn that this fallacy is widespread. It could help account for the inexplicable claims that are made by econometricians of all stamps. Like you, I never believed the stuff anyway, but it's nice to find out why.

Do multinationals export jobs? Well, multinationals are vehicles for exporting capital. It is the export of capital that exports jobs. You can't blame it all on the multinationals. The tax laws have a lot to do with it, and the same sort of biases that cause cities to sprawl and cause utilities to subsidize sub-marginal extensions also cause excessive foreign investment.

The energy crisis is a complex of several issues all rolled into one. My suggestion is that you simply use it where it fits in with the rest of your thesis, rather than being used by it. However, you might want to come as a visitor at John Wilson's forthcoming conference on the energy industry and the energy crisis in

Ms. Polly Roberts

January 25 1974

April, sponsored by this Institute.

I do think it rather dramatizes the point that the energy companies, supposedly sponsored by the United States and therefore responsive to its needs, will go to work for foreign allies just as soon as their interest would dictate that.

I don't know why you find it hard to believe the majors are conspiring to squeeze out independents. That's clearly part of their strategy. Another part is simply to condition the minds of the people to higher prices, which may be brought on by demand growing faster than supply, basically.

Your idea of a chapter on the containment-expansion syndrome is a good one. I don't know what of mine you have and haven't seen. I think you have a bibliography of mine, though. Why don't you tick off anything you want and I'll send it to you.

As soon as you get around to sending me your first draft I'll undertake to get it back to you very quickly with comments. Is that enough of an interest. I'm not sure I can do anything more than that. I'm counting on you to turn this into a silk purse.

Keith and Tish and Weld Carter and I had a splendid time two days ago. He reports that you are planning to have another baby. Sounds like a good omen. Congratulations, or best wishes or whatever you feel is the appropriate sentiment. You and Keith both have so much going for you, you should be able to overcome any problem.

It was not kind and thoughtful of me to try to hire you. It was purely selfish. Enclosed is copy of my letter to Bob Williams, also a list of conferences. There is no staff yet. We're still on the verge of finding the permanent organization.

Regards to Phil Le Veen. I'm glad he likes "Tax Reform to Release Land". I haven't heard a thing about it from anyone else. Some things evoke immediate reaction. Some are slower, and of these, most never get read.

I will write to Jim Boles, as you suggest.

As to inflation, I think the idea that recycling money faster is a boon to the economy had to go out with the Phillips' curve. Keynesian economics is bankrupt but you can't really get into that without writing another book.

Have you ever had your handwriting analysed? That leftward slant in the lower zone -- you'd better find out what that means and compensate for it.

Cordially,



Mason Gaffney
Acting Director.

MG:jm

Friday, Feb. 1

Dear Mase,

Keith and I have a proposition for you.

For some time we have been thinking about organizing a conference on urban growth, or urban policy, aimed primarily at educating public interest group leaders, as well as politicians and other officials who have to make practical decisions. As you know, Keith organized a Sierra Club conference two years ago aimed at the much narrower question of electric power generation and use. The conference was extremely successful, both in bringing together the best information and educating environmentalists into taking an intelligent approach to the problem. Keith has been talking to some of the same Sierra Club people who were involved in the energy conference, as well as one of the leaders of the Environmental Defense Fund, and they're extremely enthusiastic about an urban policy conference -- the time is ripe, etc. So we have begun some planning, partially along the format of the energy conference, and partially different. We have prepared a rudimentary list of topics (enclosed); asking the right questions and forcing contributors to answer them is important to the success of a public policy conference. Another important part of the energy conference we would like to repeat is having a prominent person as the host. For the energy conference we had Phil Hoff, former governor of Vermont, as well as Charlie Ross, a former FPC commissioner and prominent Vermont politician. We also tried to get all points of view fairly represented. The industry people were pleasantly surprised it didn't turn into a diatribe against them. We also guaranteed contributors a modest sum, and guaranteed them publication -- the delays of last time won't be repeated. We had the papers printed well in advance and sent to all the people attending so they had plenty of time to read them and prepare questions. We had quite a few members of the press, who went home hopefully enlightened to write intelligent stories. A couple of ways we would expect an urban conference to differ: First we would range over a broader area of topics. Second, we might organize it somewhat a la AAAS, with big general sessions, and some simultaneous or subsequent technical sessions, eg. how do you lay out and price sewage and water systems. The latter sessions would be aimed at the bureaucrats who actually make such decisions.

By now you probably see what I'm leading up to. Three major problems we faced with the Sierra Club energy conference were 1. money, 2. finding a prominent sponsor, and 3. designing the questions finding the right people to answer them, and getting them to accept the invitation. (The last was Frances' job.) Anyway, on seeing your list of conferences, particularly topic h. Urban Land Use Policy in BC, it immediately occurred to me that we could work together on this one. The Institute could put up part of the money, up front. Bob Williams could act as host, and we would of course hold the conference in Vancouver. You could work with us to design the questions, select and invite the contributors. Having the money, Bob Williams, and you would make it vastly easier for us & the Sierra Club to raise the rest of the money. (We raised about \$65,000 for the energy conference.)

We would in turn take all the logistics off your hands, and give you, and ourselves, a bigger and better conference than either of us could manage independently. In fact if done well, the conference could add substantially to the prestige of both the BC government and the sponsoring organizations. (I'd like to get the Henry George School in in some capacity, but there's currently a war to the death between Bob and Cathy Covell over Bob's inefficiency -- don't know what the outcome will be.)

Please let me know as quickly as possible whether this idea interests you. I will be collecting figures on the cost of the Sierra Club energy conference and the Land Reform Conference to draw up a formal proposal in the near future if you need something more official to present to Bob Williams. If he's worried about the Canadian-American relations aspect, remind him that the Sierra Club does have Canadian branches. We can also bring in some specifically Canadian organizations, though of course the more organizations we bring in, the more we're likely to dilute our control. If you can't get hold of me at my number, you might try Keith at Fields-Grant in Menlo Park: 3225341.

A few suggestions for your other conferences. Your water conference: Dick Norgaard did his master's thesis at Oregon (I think) on water development. He would certainly be better than Joe Bain, who is permanently sloshed. Also Marc Roberts, Assoc Prof at Harvard on leave at Stanford for five months has done some interesting work on the appropriate political organization for water pollution management (how to organize to internalize the externalities). Mark helped organize the energy conference and is one of Frances' thesis advisors. Her thesis has something to do with water development too.

You've got to be kidding about Mike Perelman for a conference chairman. Aside from his mystical back-to-Nature ideas, have you ever seen him? He's the archtypical long-haired freak. He's very nice and very bright too, but still not what you want. Maybe you could use Phil LeVein after all, though you (or I) would have to sheepdog him every step of the way. He has a great admiration for you, as well as a kind of personal fascination I don't quite understand -- I find trivial comments I've made about you coming back months later from his wife. He might knock himself out for you in a way that he wouldn't for anyone else. Maybe you should talk to him and decide for yourself.

There's another person you might find useful: Willhelm van Vuuren, a Dutch graduate of Giannini, presently in the Dep of Ag. Econ, Univ. of Guelph, Guelph, Ontario. He did what I considered a very good thesis on the price of farmland in the central valley, and another good piece with Varden Fuller trying to estimate the real return to labor on owner operated small farms (sometimes negative!). He's interested in public interest stuff, as he came to see me about the Nader project.

Wallace Smith might be good for one of your conferences. You certainly should call him about Canadians, if you haven't already.

Your letter of Jan. 25 just arrived. Is the mail as slow going the other way?

I apologize about Tom Webb. I really am paranoid. I was afraid his interest was as fickle as Papandreou's (I'm glad we don't have to worry about him), but he sounds very enthusiastic, and obviously offers all he can under the circumstances. And he wants no less than 150 pages, which was about what I had in mind anyway. After endless arguments with intelligent non-economists I'm still worried that I can't present the ideas in BMS in non technical form without making it too long, which is why I like to have Wisconsin in the background. You'd think it would be simple to explain how a cartel works, but just try it! I'm going to force myself to start writing pretty soon. I've fuddled around for too long already.

Thanks anyway for your job offer, selfish or not, and for your nice note about me to Bob Williams. Lets hope that predisposes him to look favorably on my and Keith's urban conference proposal.

The majors are conspiring to squeeze out the independents, but they didn't invent the energy crisis for that purpose. They're just using it, and making it worse.

You didn't answer my question about inflation, which was: who benefits, who pays, and, in the absence of major structural reforms, isn't a little inflation better than nothing? If not, why not?

A little more about Giannini: Jim admits there won't be more money, but hopes the University will let them spend what they have. For the first time in ages, the University let them give two people tenure: Andy Schmitz, who's a schmuck, and Alain de Janvry, a brilliant young socialist-leaning development economist for whom I did the paper on the latifundia system. Also the University upped Giannini's grad student quota, a good sign. So maybe Jim's optimism is justified.

I have almost finished the first three books of the Wealth of Nations, from which I have culled some magnificent quotes. In some respects I think Smith handles capital better than George, or at least very differently, though my memory of P&P is a little fuzzy by now.

I hope Tish is feeling OK. The first months can be a real drag. That's the first I've heard that Keith and I were planning to have another baby. Perhaps he means to surprise me! Would that it were possible, but I don't think the gods of modern medicine are on our side.

No I haven't had my handwriting analysed. What's a leftward slant in the lower zone? It sounds sinister.

Mason Gaffney
B.C. Institute for Economic Policy Analysis
UNIVERSITY OF VICTORIA
VICTORIA, B.C. V8W 2Y2
February 20 1974

Polly Roberts,
2498 Channing Way, Room 218
Berkeley, California 94704.

Dear Polly:

Thanks for yours of February 1. The mails are slow but not as slow as I am in answering.

"Urban growth" is a good focus for a conference. Otherwise, however, your conference outline is not very focused and that would be a primary job ahead of us.

Coordinate with that is the problem of finding a good Canadian chairman. Any bright ideas on that would be very valuable. I gather that Hans Blumenfelt has shot his wad.

We are having a conference in June on "Pricing Municipal Services". This will get into certain aspects of urban growth. I will suggest to the chairman, Paul Downing, that he invite one or both of you as auditors. Maybe Frances could come also if Walton will take care of the baby for a while.

There is a young city planner named Franklin Wiles in Vancouver who might be good for this, although he has not had much experience with anything this ambitious. Still, with a little help from you two maybe he could do the job. I will check into his interests and availability.

How about coming up with a shorter, more pointed outline? I will take that to Franklin and see how he reacts. If you see Currie ask him to get the name of the Sierra Club leader in B.C. for me to contact.

A really excellent economist now with the EDF is joining Simon Fraser in April and will be working with me, too. He is Jack Knetsch. He will be doing some work on optimal patterns of settlement in British Columbia, including considerations of economies of urban scale, synergism, linkages, and all that, but he does not want to chair a conference, so he says. On the other hand this might just get him all excited.

I keep hearing Mark Roberts name, however his chapter in Keith's book doesn't inspire me too much. The rest of the book is

Polly Roberts

February 20 1974

very good, though, including Keith's contributions. Congratulations,
and thanks for the copy.

I am a week behind on my mail so will close now.

Sincerely,



Mason Gaffney
Acting Director.

MG:jm

Mason Gaffney
B.C. Institute for Economic Policy Analysis
UNIVERSITY OF VICTORIA
VICTORIA, B.C. V8W 2Y2

February 28 1974

Polly Roberts,
2490 Channing Way
Room 218
Berkeley, California 94704

Dear Polly:

Please send copy of your outline on Urban Growth to Professor Bob Franson, Faculty of Law, University of British Columbia, Vancouver 8, B.C. Franson is President of the Western Canadian Sierra Club. Step One is to get him interested in co-sponsorship.

Sincerely,

Mason Gaffney
Acting Director.

MG:jm

Mason Gaffney
B.C. Institute for Economic Policy Analysis
UNIVERSITY OF VICTORIA
VICTORIA, B.C. V8W 2Y2

March 6 1974

Ms. Polly Roberts
2490 Gianning Way, Room 218
Berkeley, California 94704

Dear Polly:

At the recent TRED business meeting Schalkenbach Foundation pulled the rug out from under Weld and Lincoln offered \$10,000, and the great surprise was that Professor George Break of Berkeley, now a TRED member, volunteered to chair this year's TRED conference.

Enter Polly Roberts. Please give me a report on Professor Break. Do you think there's any hope for him? I need to know because my Institute will have to cover the deficit left by Schalkenbach's withdrawal. If Break will be a disaster, let's forget him. On the other hand, we need someone to run the conference on "Social Controls Over Land Use" and I can't think of anyone else right now. Strangely, this is Break's chosen topic, although his background is public finance.

Please let me know your thoughts.

Sincerely,



Mason Gaffney
Acting Director.

MG:jm

P.S. Please approach Rainer Schickele for me. Tell him I want a conference bringing together research on the viability of small farms, etc. - you're familiar with my dilemma here. Phil Raup has turned me down. He's too busy serving as imperialism's emissary to Indonesia.

A nice letter from Jim Boles. He wants you to get through working for me so you can work for him. I want you to lay off the urban growth so you can finish the Military Spending. Everyone has ideas for Polly!

definitions, and give all sorts of nice historical examples. But I think the mercantilism approach gives a good historical context to your ideas, and obviates any attacks of the "leftist fairy tale" variety. I even thought of a possible title (which Keith doesn't like): The New Mercantile State. Too much an inside joke?

Wednesday, March 6

I spent a few days a couple of weeks ago writing a new introduction. It's too terrible to send you, but it did help me figure out what I needed more research. And Adam Smith has been invaluable in

I have enclosed a new, shorter conference proposal. I hope it suits your purposes. I would prefer to work with you and other people on developing specific topics and speakers, rather than trying to cook them up by myself. As to the Chairman problem: The Sierra Club Energy Conference did not have a chairman per se. It had a couple of prominent politicians, one (former Vermont Governor Phil Hoff) who was mostly a figurehead, and one (former FPC Commissioner Charlie Ross) who also helped plan the conference. Most of the planning was done by a team consisting of Ross, Chuck Fishman, Frances, Keith, Marc Roberts and occasionally others. I suggest we duck the chairman problem for the time being and have two Canadian hosts, someone from the BC gov't (Bob Williams) and someone from the BC Sierra Club, and then a team of organizers consisting of you, me, Keith, perhaps your planner Franklin Wiles, and a couple of other good Canadians if they happen along. As for myself, I want to be closely enough involved to be sure that the speakers are asked and forced to answer the right questions. I would also like to do some (or if need be most) of the editing of the proceedings, and get due credit.

I should reemphasize what I think is important about this conference. It is not aimed at solving technical problems but at educating people actively involved in lobbying for public policies on urban growth. Between you and me, it is frankly propagandistic, because I think that by asking the right questions, we can force a gain of carefully selected experts to come out to our viewpoint. In this we will have an important ally in Bob Curry. He has developed kind of an energy theory of value which, like the labor theory of value, comes out right often enough not to be worth disputing. He's all in favor of higher density, etc. (Now if I can only convince him that his energy theory is inconsistent with the forest practices he recommends, like continuing selective cutting, no tree farming, don't yield to the demands of the housing industry...) The conference should draw an audience of several hundred, like the Sierra Club energy conference, which makes it a more expensive undertaking than the limited access conferences you have been putting on. Some of that extra expense can be recouped by charging admissions -- on a marginal cost basis of course.

A couple of hundred notecards later, I have reached the end of the Wealth of Nations. I have a sneaking feeling that I could learn even more by rereading several sections, but I will refrain. What an exhausting book. But it gives me, I think, the framework that I need to handle the military spending. Smith includes the acquisition and maintenance of colonies, and the making of favorable or unfavorable trade agreements with foreign countries in his definition of mercantilism. I would like to make it our underlying theme that despite the fancy technology and rhetoric, the United States in fact engages in good old fashioned mercantilism, whose evils have been known since the days of Adam Smith. Of course most economists, and virtually all non-economists, wouldn't know mercantilism if it bit them (as it often does). So we'd have to be careful with our

definitions, and give all sorts of nice historical examples. But I think the mercantilism approach gives a good historical context to your ideas, and obviates any attacks of the "leninist fairytale" variety. I even thought of a possible title (which Keith doesn't like): The New Mercantile State. Too much an inside joke?

I spent a few days a couple of weeks ago writing a new introduction. It's too terrible to send you, but it did help me figure out where I needed more research. And Adam Smith has been invaluable in helping me sort out the balance of trade arguments that I wrote you about. And in many other ways. Why has the "circulation of capital" dropped out of modern economics? It's such a basic concept.

I have been very much occupied by the Henry George School of late. In fact, I was the ringleader in the effort to get at least partial control of the School away from Bob. I don't think I told you how it started: Cathy Covell was hired a year ago to take over management of the office from Bob. Bob wouldn't let her do anything, but continued managing, or rather not managing the School his own lackadaisical way. After arguing with him in private for a year, Cathy finally complained to the Board, and Bob fired her on the spot. Anyway, the meeting I thought would be a Donnybrook only appointed a committee to study the problem. But I was on the committee, and we cooked up this horrendous reorganization of the School, creating two separate jobs, each answerable directly to the Board, one for Bob and one for Cathy. Actually, it wasn't that bad; it could have worked if Bob had had any inclination to cooperate. In any case, the Board accepted the reorganization, and Bob resigned the next day, -- sending out a nasty letter to everyone, including the School's financial supporters. Cathy is now in charge, and the School is already bustling with new activity, as people are coming back who had left out of frustration with Bob.

It's clear to me that Bob had to go, but I feel unhappy about my role in his ouster. Rather like stabbing an old friend in the back. His behavior was really sad though. To the very last he insisted his management of the School was little short of perfect and there was just a nasty personal conspiracy against him because the School hadn't yet saved the world. He also called Board members and committee members and tried to intimidate them. Yet all the while he was fighting to keep things his way, he kept talking about how he would love to resign, -- but he wasn't going to let the Board know when until he had made up his mind. Another thing came out too; he had been misleading the Treasurer and the Board as to the true financial condition of the School by holding back bills until there was money to cover them. Whew.

Bill Blackwell will be calling you shortly. I hope you can help him in some way. He's quite an extraordinary person. All his ideas for revitalizing the city, including site value tax, come from his own observations rather than any reading. I'm hoping to get the Henry George School to sponsor his project, so he's eligible for a grant from a foundation. Otherwise he'll have to go back to architecting, at least until the summer when he has better possibilities for support.

Regards,
Mercantilism. I would like to make it our underlying theme in fact despite the fact that the term is old-fashioned mercantilism, whose evils have been known since the days of Adam Smith. Of course most economists and virtually all non-economists wouldn't know mercantilism if it hit them (as it often does). So we'd have to be careful with our

Mason Gaffney
B.C. Institute for Economic Policy Analysis
UNIVERSITY OF VICTORIA
VICTORIA, B.C. V8W 2Y2

March 7 1974

Ms. Polly Roberts,
2490 Channing Way, Room 218
Berkeley, California 94704

Dear Polly:

Do you know Professor Ed Meyers, University of California? I don't know which one. Cited by Sylvia Siegel in her recent statement for TURN, "Promotional Electricity Rates Must be Stopped Immediately in California". I gather he does good work.

Blackwell called today. What do you think of him? His stuff excites me greatly. You certainly do get around. You seem to have visited all the stops before I get there.

How about Morton Levy and Accountants for the Public Interest? He mentions a Dick VanAggelen as being his expert on rate structures. Any ideas about him?

Blackwell says you are plugging ahead on EMS. Cheers!

Sincerely,



Mason Gaffney
Acting Director.

MG:jm

March 10?

1974

Dear Polly!

Boles sent me his merger proposal, plus a statement that it has been accepted.

But it is silent concerning graduate work. How do I interpret that? Are you not now doing graduate work there?

I've just been admiring Wilby by Mr. Arms. It grows on one.

Bob Franson, Faculty of Law, UBC, is President of Sierra Club, Western Canada branch. I do not get such great vibes from him, nor about him. But I haven't met him yet. Mary Rawson has suggested Eric Beecroft of ~~Univ.~~ Univ. of Western Ontario (London) as the best man to run a conference on land use controls. Meantime we have the odd business with Break. I'm still stirring the pieces about in my mind, for the best gel.

We may run a short conference in May on class action suits. Would Keith want to get involved? Parens Patriae and all that.

I finally managed to hire a Canadian, a young student named Len Roueche, who seems very bright and right.

And I offered a year's research support to Blackwell.

Received Bob's notice of resignation. It is sad. What do you do now? Actually, there are a few unemployed former HGS directors around, including one in Washington whose name I forget but you can ask Walter Rybeck of Urban Inst. Or you might break in Allen Hayward or Clay Berling or . . . ?

Blackwell tells me BMS is moving along. Good for you! Wish I could report as much w.r.t. my own writing. I also hope you and Keith are sorting things out, individually and jointly. It should not be a curse for a girl to be bright.

Jim --- well, I said that before.

All good wishes,

Muse

Mason Gaffney
B.C. Institute for Economic Policy Analysis
UNIVERSITY OF VICTORIA
VICTORIA, B.C. V8W 2Y2

March 19 1974

Ms. Polly Roberts
2490 Channing Way, Room 218
Berkeley, California 94704

Dear Polly:

I am not ready to move ahead nearly as fast as your timetable on the Urban Conference seems to call for for a number of reasons:

1. You should finish the Benefits of Military Spending study before plunging into a new project with both feet.
2. I could not well justify putting a big pile of conference funds at your disposal until you have more mileage behind you, especially in the specific field of the conference.
3. You visualize my putting a lot of work into this conference. This would keep me from my primary job, which is enlisting chairmen to conduct conferences primarily by themselves. To the extent that I find research time of my own I have another piece of work that I must finish first.
4. I cannot very well duck the chairman problem. In the beginning I need to have a specific person I can rely on.
5. The Canadian content of the conference has to be more central and less incidental than it seems to be in this case so far.
6. You write, a couple of times, of forcing speakers to answer certain questions. I think the concept of force is out of place in an academic conference.
7. You speak of educating people actively involved in lobbying for public policies. "It is frankly propagandistic, because I think that by asking the right questions we can force a gang of carefully selected experts to come to our viewpoint." I'm afraid that an attitude like that would do more damage to the Institute than it could possibly be worth.
8. As to Bob Curry's energy theory of value, I am glad to sponsor studies on the efficiency of energy use; but I do not need any new theories of value. Bob is a good man, but he may need to be brought down to earth on this point.
9. The proposed audience of several hundred is at variance with the format of seminar and mutual dialogue that I am fostering. It is a little more like a Hitler Youth meeting. The funds at my disposal are

Polly Roberts

March 19 1974

specifically allocated to research, not to public relations.

10. There may be problems about Professor Franson.

11. I think I have identified a Canadian, Eric Beecroft, who can run a very sober and creative conference on an allied topic, and I may want to do that one first.

Now, if this were my private fortune that I was spending I could certainly afford to have a whale of a good time and pull in dear old friends like you and Keith and Francis and give it both barrels; but I just don't think I have that option under present circumstances.

This is not to say we cannot ever work something out, but it would have to be along rather different lines and also I think it would be better in 1975 or '76, after the Institute is more thoroughly established and accepted locally.

On your other points, don't worry about losing Bill Blackwell. I'm only borrowing him for a year, and he'll be getting back to the Bay area quite a bit, I suspect. I'm just giving him a more sympathetic environment to operate in.

Your idea about using "Wealth of Nations" as an introduction to Benefits of Military Spending strikes me as inspired. No one, but no one is more respectable than Adam Smith. But I had quite forgotten that really mercantilism was the imperialism of its day, and anti-mercantilism was covert anti-imperialism.

The New Mercantile State would make an excellent title but that it rides on Galbraith's coattails and we don't need that. It's self-deprecating.

The reactionaries were very clever when they co-opted Adam Smith along with other great saviors of mankind; but it is a double-edged sword, so let's use the other edge.

Keep me posted on how the school gets along without Bob. If it turns out he had become a net liability I will know that it's time for me to resign my job after a few years.

Ask me your question about inflation again. I've forgotten it. There have been so many I can't do justice to them all.

Cordially,



Mason Gaffney
Acting Director.

MG:jm

Mason Gaffney
B.C. Institute for Economic Policy Analysis
UNIVERSITY OF VICTORIA
VICTORIA B.C. V8W 2Y2

March 19 1974

Ms. Polly Roberts,
2490 Channing Way
Room 218
Berkeley, California 94704

Dear Polly:

I'm enclosing your copy of George Break's pamphlet.
It is one of the most convincing documents I have ever read. It
convinced me that George Break is not for me. Thank you very
much.

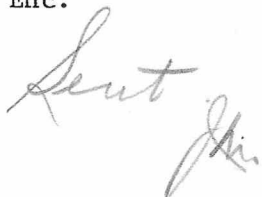
Sincerely,



Mason Gaffney
Acting Director.

MG:jm

Enc.



Monday, March 25

Dear Mase,

Cushlamoree! -I can smell the cigar smoke. The fairy godfather comes through! Bill is ecstatic. After all these years of trying to get people to pay attention to his ideas. I'm really pleased. The two of you should be good for each other.

I suspected that the Institute could not countenance the kind of educational conference I had in mind. That's why I was so very explicit-- to make sure there would be no misunderstandings. But the hostility of your reaction rather startled me. I did not ask you to put a big pile of conference funds at my disposal. I did not envisage myself as more than one of a group of conference planners some of whom would have more say than I. I don't see what's wrong with forcing speakers to answer questions -- I meant it metaphorically, obviously, encouraging them to do their best with policy questions instead of ducking into vague academic jargon. It was precisely the fact that speakers were asked to focus on policy questions that make the Sierra Club Energy conference successful. If my proposal was "frankly propagandistic", I'd like to know what your conferences are. Bob Williams hired you because he thought you had the answers, or at least the right approaches. You in turn are hiring people and asking them to address certain topics for the same reason: you think you know roughly where they will come out, and you think their work will be worth publishing to educate others. The only difference is you're trying to educate academics, while I want to reach influential laymen. ~~Spideetee bekkonest about what we recommend that we're rigging the deck a little~~ in favor of our own ideas, just by the kind of people we choose and questions we ask. Any group, private or public, does that in putting on a conference. There's no such thing as academic neutrality -- unless it's total irrelevance. As for an audience of several hundred being like a Hitler Youth meeting -- that was totally uncalled for.

I sometimes feel my friendship with you is rather like a minefield. All serene, little birds chirping, then suddenly -- blam. Are you mad at me for being so slow with the military spending? I admit I haven't spent full time on it; though I have spent most. If you were paying me I'd spend 14 hours a day on it, but as it is I can't feel particularly guilty about taking out a little time for the Henry George School and things like that. Besides, it's by far the most difficult project I have ever tackled, and the ideas take time to gell. I wish you would call me instead of just letting me have it like that. I hesitate to call you because you're so busy.

I have enclosed an expanded revised version of our low density zoning paper. It looks like the Washington Monthly may publish an abridged version -- which they had damn well better check with me first.

Regards,

Polly

Mason Gaffney
B.C. Institute for Economic Policy Analysis
UNIVERSITY OF VICTORIA
VICTORIA, B.C. V8W 2Y2

March 20 1974

Ms. Polly Roberts
2490 Channing Way, Room 218
Berkeley, California 94704

Dear Polly:

Thank you for sending the book by Kari Levitt. I have heard of it. I will read it with great interest. My impression is that she is pretty far out, even for me.

I agree that Raymond Vernon is an idiot. What do you expect from Harvard? But relish those idiotic quotations. They make good foils. I find that Henry Wallich and Raymond Mikesell and others are also useful in this capacity.

Thank you so much for checking on Break. I've put him on 'hold' for the time being, based on that awful pamphlet which you loaned me. I just cannot see putting any effort or money into somebody like that.

Don Hagman is an excellent idea. I will go to work on that. You are inspired! Thanks so much. But most of all, thank you for checking out Rainer Schickele. He could just be the answer to this maiden's prayer. I will get right after him.

What did I ever do to deserve an agent like you in Berkeley?

Working out the net impact of expensing, depletion, pro rate etc., you ask. The word 'net' suggests there is a plus and a minus to balance out. All I can see is the pro capital, anti labor distortion. Where is the pro labor distortion to net out?

Peter Pearse is an excellent suggestion; however, I have beaten you to it and Bob Williams has beaten me. Peter is head of the Task Force on forest economics, presently doing good work and getting lots of publicity and having lots of legislative impact. What more could I ask? Well, I could wish that Peter would realize that property tax is superior to the severance tax, but in this particular context the quantitative difference is not as great as in some other areas.

Now to write Mr. Schickele, and thanks again for the inspired idea and press agency.

Sincerely,



Mason Gaffney
Acting Director.

MG:jm

Mason Gaffney
B.C. Institute for Economic Policy Analysis
UNIVERSITY OF VICTORIA
VICTORIA, B.C. V8W 2Y2

April 1 1974

Ms. Polly Roberts
2490 Channing Way, Room 218
Berkeley, California 94704.

Dear Polly:

In case I don't get you on the 'phone this is your reminder to come as an auditor to John Wilson's conference, "The Energy Crisis and the Energy Industry", April 18 and 19, Georgia Hotel, Vancouver, B. C.

Normally we do not cover expenses for auditors, but in your case we'll make an exception, since I want you to bring along the manuscript for Benefits of Military Spending, and discuss with John and me the possibility of including it in the proceedings, or better, a preview of it or excerpts from it, since I know you want to reserve most of it for your ultimate blockbuster, which I'm still hoping to see the first chapter of before long.

Cordially,



Mason Gaffney
Acting Director.

MG:jm

Mason Gaffney
B.C. Institute for Economic Policy Analysis
UNIVERSITY OF VICTORIA
VICTORIA, B.C. V8W 2Y2

April 1 1974

Ms. Polly Roberts,
2490 Channing Way, Room 218
Berkeley, California 94704

Dear Polly:

While I've been piddling around running this Institute you've been doing what I should have been doing. Your look at Environmental Policy or Cheaper Lunches Through Recycling pulls together in one concise, sparkling essay a dozen things I've been trying to say. I hope that Berkeley and San Francisco find you as stimulating and educational as you evidently find them. They have so much to learn from you. I have a couple of minor comments, other than the ecstatic ones above.

Page 4: It's not clear that even aged forests are necessarily more productive than those managed by selective cutting, and selective cutting is certainly more labor intensive. Maybe you could incorporate this into your main point, rather than using it as a foil.

Question: What is the source of your statement, page 15, that Japan and Taiwan use ten times more labor per acre and twice the machinery and fertilizer per acre. Sounds like useful information for me.

Top of page 2: Barry Commoner did not invent the "no free lunches". That's been kicking around for years among reactionary economists, and it isn't even true. Anything that eliminates friction in mechanics or excess burdens in economics gives you a free lunch.

More generally, this work gives me additional insight into your value as an editor. I'm still hoping to lure you up here in that capacity if nothing else works out.

Sincerely,



Mason Gaffney
Acting Director.

MG:jm

P.S I'm looking for a first-rate economist to consult with our Ministry of Communications in opposition to a telephone rate increase.
Any suggestions?



COLLEGE OF AGRICULTURE
AGRICULTURAL EXPERIMENT STATION
GIANNINI FOUNDATION OF AGRICULTURAL ECONOMICS

BERKELEY, CALIFORNIA 94720

April 3, 1974

Dr. Mason Gaffney
B. C. Institute of Economic Policy Analysis
University of Victoria
Victoria, British Columbia
CANADA V8M2Y2

Dear Dr. Gaffney:

I appreciated receiving your exploratory note on exploration. The following comments are negative on net simply because your notes tend to build rather than explore the case. In addition, my criticisms are absolute rather than comparative since I am neither beholden to existing or some other institution.

Some sort of dynamic, Harris-type accumulation of information is essential. The lack of systematic collection and utilization of information by our government agencies overseeing mineral exploration and development is amazing. Neither social objectives nor factual bases for decisions are established. Mineral companies' expression of interests and the absence of objections by others have dictated action in the past. Recent conflicts with environmental interests have stymied and exposed the weaknesses of such a policy.

At step F it appears that one exploration firm is selected for any given area. How are permittees selected and/or matched with parcels? Random lot approaches such as used in noncompetitive leasing on federal lands (onshore) results in large number of incompetent bidders and winners. Lease bonus approaches put the risk burden on the firm. Consistent with your step L, you might let the firm bid on the share of the excess he would return to the government.

At steps G and H, it is unclear why the particular charges have been established. An annual charge is necessary to establish the breaking point at K. But should not this occur when the rate of increase in the expected value is equal to the social rate of discount with appropriate adjustments of the former for how exploration has reduced uncertainty, etc., similar to the criteria at step D?

Given the stipulated land retraction process in step H, the permittee's objective is to determine the best parcel to keep rather than to explore the entire parcel optimally. This means the government will have to closely stipulate the extent of exploration overall. Furthermore, there is a moral hazard problem in that the initial permittee, by withholding information on the returned land, could reap a larger residual if he also became the permittee on this land the second time around. Even on the initial round, unrejected parcel, the explorer may prefer to withhold information if he also wished to bid for the right to develop the deposit. This problem might become acute if some explorer/developers could gain or protect monopoly profits from mining, processing, and marketing.

April 3, 1974

At step L it becomes clear that the explorer bears considerable risk with respect to both whether his contribution to knowledge (on only a small portion of the original tract) will have a positive dollar value at all and whether it will be large or small. Since the explorer bears the risk, he must either be large or participate in one of the complex insurance schemes you suggest. And, lastly, proving that a mineral deposit does not exist also has value; yet, under your proposal, one might extrapolate that when the valuation decreases, the explorer pays the government to cover its loss.

I am curious why you have separated exploration from development. For petroleum such a separation is quite awkward. Perhaps, because of this--the problems of specifying knowledge accretion indicated earlier and the structure of the industry (due to other factors as well)--the rewards of exploration have been the right to develop. You have separated exploration and development yet retained other characteristics of Canadian leasing strategy.

Given that your proposal "accepts" the problems of stipulating, monitoring, and enforcing the collection and dissemination of information on the rejected and perhaps the retained parcels, why not go one step further and go to contract exploration. Let exploration firms submit bids to the government to perform specified tasks. The government would pay the lowest qualified bidder to explore. This would avoid the difficulties I have indicated, put the burden of risk on the government, and, furthermore, give the government freedom to choose the length of time between the completion of exploration and the beginning of development. This is important since improved information is desirable immediately whereas minerals should be exploited over time in light of the value and certainty of this information.

Thank you for stimulating my thoughts on the leasing problem. Hayne Leland and I are preparing an "overview" of leasing options for NSF's Office of Energy R and D Policy. We will send a draft on to you for your comments in several months.

Sincerely yours,

Richard B. Norgaard
Assistant Professor of
Agricultural Economics

RBN:n1

cc: P. Roberts
H. Leland

Appears to be response to Norgaard 413174

EXPLORATORY NOTES CONCERNING EXPLORATION AND ITS OPTIMAL MOTIVATION

By: M. Gaffney

This is a very preliminary stab at developing some ideas. These notes are circulated for discussion purposes only.

When a mineral deposit is known, it is possible to devise a set of taxes and other constraints that will socialize the economic rent without interfering with optimal productive plans or equitable returns to producers. I begin by assuming that this can be done. With extractive resources like oil bearing shales or standing timber this pretty much solves the administrative problem, since exploratory costs are small, although greater than zero.

The trickiest problem arises in respect to motivating exploratory effort. If we socialize all the economic rent ex post discovery, we of course leave only an empty bag for the explorer. Exploratory costs may come to only three or four per cent of total gross returns from mines, but this must be magnified because of their coming first in time and having to be carried financially; and also because of their key triggering-off role in the whole process, not only of production but of guiding infrastructure investments. At the same time, it would seem a great pity to let the whole structure of the industry be dominated by the needs for motivating exploration, a cost which is a small part of the total.

Accordingly, here is a possible strategy for a governmental landlord, called the Crown, in disposing of its domain.

Harris, Freyman and Barry have shown the feasibility of developing contour maps at quite a small expense, showing the probability based on a consensus of informed expert opinion of the occurrence of minerals over large areas. I will refer to this as a Harris type survey. Then the Crown could follow the following procedure:

- A. Modify the Harris type survey to include more economic factors.
- B. Replicate the survey, putting behind it much more resources than in the original Harris monograph.
- C. Give the surveys a dynamic cast so that they would indicate the annual increment in value of the probabilities.
- D. On this basis, define as ripe those areas in which the value is rising at less than the rate of interest.

- E. Select for exploration these ripe areas.
- F. Issue exploration permits over these areas, keeping the units fairly small, the specifics to be determined.
- G. Levy an annual charge on the permittees as a percentage of the value estimated by the Harris type survey.
- H. After three years, take back half of the area, letting the permittee select his half to keep; but the annual charge would remain the same as it was before, (i.e. twice as much per acre) (The rejected land would now be re-evaluated and put up for permit again when it was ripe.)
- I. Each succeeding year take back half the remaining land. As before, the rent would remain the same.
- J. Continue in this way until the explorer elects to terminate the process.
- K. At this point break up what he has kept into fairly small units, specifics again to be determined and sell them to the highest bidder. (I suggest a bonus payment basis of bidding, however there is no reason why the successful bidder could not pay on the installment plan to hold down capital costs.)
- L. From these high bids the government would keep an amount equal to the original Harris survey value (as adjusted for price level changes). The explorer would keep any excess over this, which would be his payoff. The idea here is that the explorer is rewarded by his net contribution to knowledge or his ability to improve on the consensus of conventional opinion.

The reason for splitting things up into small units is twofold. (1) Encourage maximum participation and competition, and (2) for purposes of distributive equity.

With the uncertainties involved, the question of survival of the exploratory firm is important. There is also a simple question of finance associated with this but in part independent of it, since there is a long lag between investment and payoff. A major service provided by extremely large firms is that of pooling risk in order to assure survival. Assuming that the Crown's interest is to avoid encouraging these large agglomerations of capital (which have monopolistic tendencies and tend to concentrate economic, social and political power), it is the Crown's

interest to provide for pooling of risk by other means. It is widely believed that small, independent teams and firms of geologists engaged in exploration are basically more efficient than large bureaucracies, and the latter survive and prevail mainly because of their superior capital resources and pooling of risk.

A solution would seem to be that the Crown could offer to explorers various kinds of risk sharing insurance. I suggest that this should be offered but not required in order to give explorers a number of options. It could then be observed which was the most successful, something that would be difficult, if not impossible to determine, *a priori*.

Option 1 is not risk. This would be contract exploration.

Option 2 is total risk, as described at first.

Option 3, which may be the most feasible, would be some form of insurance against losses greater than specified amounts.

- a) The Crown could insure recovery of outlays without interest.
- b) The Crown could insure recovery of, say, 90% of outlays without interest.
- c) The Crown could insure recovery of outlays plus 5% or some other floor rate of return.

One obvious advantage of doing this would be that the Crown would then be under no pressure to assume that exploratory firms require inflated risk premia to compensate for the uncertainties of their trade.

To accomplish this the Crown could set up a Crown corporation under expert management. I suggest that the Corporation should be directed to make profits in order to avoid any subsidy. The purpose would not be subsidy but rather pooling of risk. The two should be carefully distinguished.

This device strikes me as a way by which the Crown could help explorers pool their risk with a minimum of compulsory participation and a minimum of bureaucratic dead weight.

If you feel that these exploratory ideas have any potential merit, I would much appreciate your letting me know, and telling me how they should be modified in order to make them workable, and so on. If there is enough interest perhaps we could convene a group to explore the subject further.

Mason Gaffney
B.C. Institute for Economic Policy Analysis
UNIVERSITY OF VICTORIA
VICTORIA, B.C. V8W 2Y2
April 9 1974

Polly Roberts,
2490 Channing Way, Rm. 218
Berkeley, California 94704

Dear Polly:

There was no hostile intent in my list of objections to the Sierra Club meeting, just an attempt to lay all the issues out systematically. Those are the obstacles to overcome now that we know about what they are.

I will try to think of suggestions for the H.G. school, however, I have already sent you in the past most of the bibliographies and so on that I possess. Lots of luck with Kathie. That "Georgist spirit" is a pretty theological concept. On the other hand, Bill seems to take in quite a bit of the other kind of spirits, and maybe that's what worries her - burn this letter.

Speaking of minefields, Bill will have told you about what he ran into here. I'm still trying to pick up the pieces and work something out.

My last conference was not very propagandistic; in fact, it was disgustingly neutral, but the one on the energy crisis will be something else again.

Your piece on zoning out growth looks just awfully good. The Washington Monthly does a great service in modifying knee-jerk liberalism. The first sentence of your conclusion is a little apologetic. How about just saying you are not pre-zoning but just post-zoning.

Cordially,



Mason Gaffney
Acting Director.

MG:jm

Mason Gaffney
B.C. Institute for Economic Policy Analysis
UNIVERSITY OF VICTORIA
VICTORIA, B.C. V8W 2Y2

18 April, 1974

Ms. Polly Roberts,
2490 Channing Way,
Berkeley, California.

Dear Polly:

I'm returning herewith your Page 1 and 2 of your Friday letter, the one with the graphs. The thing you call kind of screwy is, I think, the tragedy of the commons. I guess what's bugging you is the implications of that declining average cost curve you have. That would apply to a commons exploited by just one large firm, one enjoying economies of scale in enormous volume, volume sufficiently great to drive everyone else off the commons. I don't think that applies to most of the cases we are talking about.

Anyway, the reason I'm returning this is with the thought that by this time you have probably got it all figured out and if not you could boil it down more succinctly and send it back. How about that.

Sincerely,



Mason Gaffney,
Acting Director.

MG/bl

Encl.

P.S. As to the greatest benefits going to the fringe, that is rather a generalized statement alluding to their obviously greater relative dependence on military power. But it is all relative, a point which must be stressed. Proponents of large military spending like to talk in terms of absolutes, where it's either the Pentagon at \$100 billion a year or slavery, with nothing in between.

Return to Polly R.

Friday (again)

①

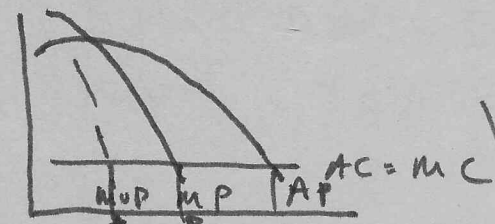
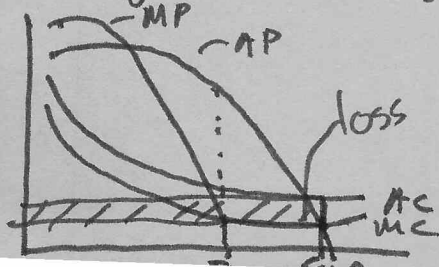
Dear Mase,

Help! I'm having trouble with my marginal diagrams. As part of my chapter on tenure, which I see as the economic framework for BMS, I try to make the obvious point that an increase in demand ceteris paribus will cause an increase in rents and an intensification of land use. Conversely, an extension of the margin without an increase in demand will lead to a decrease in rents (average & I assume total) and a decrease in intensity. A decrease in intensity on central lands, as by a cartel's withholding, will produce an extension of the margin. How do I draw all this, at least for my own satisfaction?

I started with your Fig 1 in BMS which won't do as you make $AC = MC$.

If you draw that one right, you get the commons operating at a loss, as below Fig 1 in the corner. point C.

That's kind of screwy.



but that's the Tragedy of the Commons.

Wed

Dear Mare,

Please return these (I'm sick of xeroxing).

You can see how badly we need your book.

I still haven't received your comments on my piece. Which one?

Polly

Any suggestions for readings on forestry? (Short ones. I want to be right without spending much time on it.)

Mason Gaffney
B.C. Institute for Economic Policy Analysis
UNIVERSITY OF VICTORIA
VICTORIA, B.C. V8W 2Y2

April 26 1974

Polly Roberts
2490 Channing Way, Room 218
Berkeley California

Dear Polly:

Further to our telephone talk April 24 there are some points I didn't bring out about your paper.

First of all, the analysis there is substantially correct. I find no errors, so I have no criticism on that score. The point is that this analysis needs to be harnessed to meet the needs of the specific book being written. We went over that. Here are some other specific comments.

1. Your creative mind is naturally fascinated with the technicalities for their own sake. This should be regarded as a stage in development, however, and not in mode of exposition. You know all about economists who have gone wrong by letting the means become the end.
2. Concerning the bridge example on page 1, only your third point is distinctive. The first two are equally true of most industries.
3. I suggest you avoid shibboleths that classify you and facilitate dismissal of your ideas by those who assume that the connotations of a work reveal everything about the state of mind of the writer. We all do this to some extent. In this world of excess publications it is necessary as a screening device. You have to sneak in by using neutral and objective language; and the more powerful your message the less you need to inflate it by choice of words. Heilbroner, for example, takes prosaic ideas and blasts off with titles like "The Great..." something or other; but when you really have something to say you don't need that. Be interesting, of course, and engaging, and witty, and instructive, and evocative but not smart-alecky, and especially not gratuitous. We really don't care that Arthur Young was a world traveler and a gentleman or that Burby's book was delightful, and so on. These all may be true, and may do justice to the people involved, but they do not contribute to our message.
4. As far as possible I suggest you insert whole paragraphs into my original, rather than trying to pick up a phrase or expression and write around it. This way you yourself can be more spontaneous. It is deadly, I think, to have to write with the idea in mind of leading up to a particular phrase that was borrowed from someone else.
5. Concerning the self-aggrandizement of military bureaucrats, you might look at Jack Stockfish's new book, "Ploughshares Into Swords" and also William Niskanen's book of two or three years ago on bureau-

Polly Roberts

April 26 1974

cratic behavior. Niskanen is there at Berkeley, I believe, and you might find a talk with him worthwhile. He is a cold fish and very conservative but also very bright and, I think, objective, given his values.

6. Above all, avoid digressions. The world is so fascinating for you you are constantly discovering new things and picking them up with interest and delight like a child playing at the beach, but your reader wants you to pursue the theme you promised him at the beginning. You have done this in your previous successful articles and I'm sure will succeed in doing it here.

7. The omission from the theory of public goods, which is more relevant to our contribution, is the spatial as opposed to the temporal aspect. I question that you should give these equal weight in your criticism of received doctrines.

8. Do not lump all economists together. Any statement that begins with "all economists" is false. There are many schools of thought on almost any topic and lots of people think Samulelson is an idiot.

9. In your figures I think it's all right to let average costs equal marginal costs, because in example your figures illustrate there are many small divisible units of the variable input, such as fishing boats on the high seas, cattle on the open range, or exploring teams on the public domain. Everything extraneous to the point immediately under consideration should be kept as simple and non-intrusive as possible. We are not in the business of overstating our case by trying to build a universal model that covers all contingencies. Others can do that as the need arises. We are trying to make a few basic points and do it fast before the whole message becomes obsolete.

I will let you know if I can come to one of the May meetings.

Cordially,



Mason Gaffney
Acting Director.

MG:jm

June 9, 1974

Dear Polly:

Be of good cheer. Some, at least, of the things that seem to perturb your dad in BMS are the same things that you and I decided needed to be improved long since.

As to whether there is anything left, when in doubt, read some remarks by Mikesell, Howard Ellis, Hollis Chenery et al, about how national defense is a public good from which all benefit equally. If that is so, we might ask, why do we never get a Secy. of State who did not come up through the Rockefeller farm club system; why do American-controlled corporations in Canada not trade with Cuba (until one locomotive sale, early this year); why do American taxpayers support Thieu, Somoza, Medici and his successor, and others whose philosophies appear alien to all but a handful of the wealthiest and most powerful Americans?

Clearly there is something to be said, including an indictment of the U.S. system of education and its control (although let's save that for a sequel.) The question is how best to say it -- which is where we came in.

As to a great aunt who would leave furniture and jewelry to her lawyer -- that sounds so blatant that even a judge would throw it out.

Paul Downing is at VPI.

You might use for a reference Hirshleifer, Milliman, and De Haven, WATER SUPPLY, U of Chicago Press ca. 1962.

Your blame-giver, blame-taker pair reminds me of me, except that I see myself on both sides, at different times. In my work, I am the blame-giver; as a father, a blame-taker. My children seem slightly relieved just now that I have stopped coming to see them so often, and have taken off the pressure that they must come to see me. This will be two summers in a row that my daughter has stayed away, yet she seems friendly enough and writes good letters. She's graduating from high school and I presume wrapped or rapt up with affaires du coeur, plus a mad passion for going to camp with the girl scouts where she is this year a senior counselor.

You do seem to have a blame-taking streak, for which you occasionally overcompensate by giving a bit gratuitously. No doubt as you mellow into it you will compensate a little more smoothly. Good luck with it. Meantime, don't let your personal emotional evolution get in the way of your professional work, but let your work soothe the emotional pangs. Nothing is so filled with disappointment as the eternal quest for a suitable mate, and the more individualistic you are, the harder to fit. Only the law of large numbers saves us -- you just keep looking and trying until something works out.

You are an unusually intense person who would threaten to consume someone else utterly unless he~~x~~ were able, like your present worry, to say "Run along now and don't bother me." In fact, most men react somewhat that way to most women, who demand their attention when they want to read the paper; but your demands for attention are above and beyond the ordinary. In this respect you have a bit of the blame-giver

June 18 1974

Dean Jerome W. Milliman, Director,
Center for Urban Affairs,
University of Southern California,
Los Angeles, California 90007.

Dear Jerry:

I return herewith the book review by Robert C. Ellickson. Could you perhaps get Ellickson to send me a couple more copies. I know some of the people who contributed to the California report, The Politics of Land, and would like them to see it.

Ellickson's admiration for your book on water supply is certainly well taken and most impressive. You deserve such rave notices. I can't help noting, however, that Ellickson seems to be in serious danger of becoming a Millimanian who, like all blind followers, can end up making a travesty of the master's original message.

I have sweat blood trying to convince some of my Nader friends of the errors that Ellickson identifies, so I agree with his criticisms. I disagree, however, with the captious tone that he adopts. Why not emphasize the good in Ralph Nader in his works rather than the tone of patronizing condescension that Ellickson affects; and if Fellmeth's conclusions are simplistic and contradictory what are we to make of Ellickson's implied recommendation that everything in the report leads to the conclusion that we should do away with government. This reminds me of the lunch room in 7th grade, where the followers of Alf Landon and FDR used to squabble on about this level.

Two of the contributors to the Nader report whom I got to know were almost as unhappy with Fellmeth's editing as Ellickson is and I am. I think Fellmeth was trying to schmaltz it up. Some of the contributors were a good deal wiser than you would think from the final product.

Cordially,

Mason Gaffney
Acting Director.

MG:jm

Law Center

UNIVERSITY OF SOUTHERN CALIFORNIA

PHONE (213) 746-2191 | UNIVERSITY PARK | LOS ANGELES, CALIFORNIA 90007

July 15, 1974

Mason Gaffney
Acting Director
B. C. Institute for Economic Policy Analysis
University of Victoria
Victoria, British Columbia V8W 2Y2
CANADA

Dear Dr. Gaffney:

Jerry Milliman passed along a copy of your letter of June 18, 1974, requesting reprints of my review of the Nader California report. I enclose a couple.

As an admirer of your work on zoning, water law, and property taxation, I was well aware of your ability and inclination to turn a devastating phrase, and am now even more so when you write that I imply "we should do away with government." Could it be that you have yourself succumbed to the over-simplification you accuse me of? My review explicitly acknowledges in various sections an important role for government, in, e.g.:

- (1) preventing monopoly;
- (2) assisting the aggregation of land parcels where transactions costs are high;
- (3) owning land devoted to uses that have important benefits spillouts;
- (4) subsidizing or operating industries where marginal cost pricing is appropriate and average costs exceed marginal costs; and
- (5) redistributing income.

No hard feelings, of course.

Cordially,

Bob Ellickson

Robert C. Ellickson
Associate Professor of Law

RCE:lm
Enclosures
cc: Jerome Milliman

July 22 1974

Robert C. Ellicksen,
Associate Professor of Law
Law Center, University of
Southern California
Los Angeles, California 90007

Dear Professor Ellickson

Thank you for your note. It is bad enough to have to write something without having to also help readers read it, and I appreciate your trouble. My remarks to Jerry were hasty and and not intended for general publication. They expressed a gut reaction rather than a detailed analysis.

As I said to Jerry, I do agree with most of your criticisms. What I disagree with is dumping on this impoverished pack of enthusiastic kids as though they were a major menace to the republic, when in fact they are bringing the light of outside scrutiny into a number of musty areas that others are neglecting.

I was also somewhat appalled by your willingness to accept the high degree of concentration of land ownership in California as consistent with a healthy competitive economy. California has more Marketing Boards sewing up various specialty products than most industries I can think of, and surely the high concentration of land ownership makes this easier. There is also a high degree of monopsony in the labor market and the organization of the associated farmers of California, with their splitting the market between wetbacks and native workers also depends on a high concentration.

The concentration of the receipt of unearned increment is surely a matter of concern and the superior ability of very large land owners to guide public works in their direction is worth worrying about. Perhaps the term "monopoly" was ill chosen but this is what I mean by nit-picking. You might have given them a few more breaks before teeing off. We have to allow something for the fact that social critics work in low rent districts with inadequate staff and equipment, while rationalizers of the status quo work in air-conditioned libraries next to swimming pools, superior libraries, learned colleagues, and so on. Give them credit for fighting an uphill battle and doing it bravely. The cards are already stacked against them. Why add to it?

Returning to the word "monopoly", one might ask, "Who has a monopoly of receiving the benefits generated by Isabella dam on the Kern river.

Robert C. Ellickson

July 22 1974

I also worry about the minimal taxes paid by these giant holders, their extraordinary propensity to substitute land and capital for labor, and so on. All in all, it seems to me the Nader people were striking pretty close to the heart of what is wrong with California, and should not be brushed aside.

On pages 654-55 I believe you are guilty of "regression fallacy". I enclose a brief paper on the subject rather than restate my position here.

Well, these are some of the specifics that really got me riled up which I did not mention to Jerry; but as I say, I think your methodological criticisms are valid and I am certainly going to pass along this review to Keith and Polly Roberts, my friends who participated in putting the report together. Perhaps you will hear from them. Good to get acquainted, and, as you say, no hard feelings, of course.

Cordially,

MC:jm

Mason Gaffney
Acting Director.

Mason Gaffney
B.C. Institute for Economic Policy Analysis
UNIVERSITY OF VICTORIA
VICTORIA, B.C. V8W 2Y2

June 19 1974

Polly Roberts,
2490 Channing Way, Rm. 218
Berkeley, California 94704

Dear Polly:

Two items I forgot when you called: One, there is a review of power and land in California by Robert Ellickson, the professor at USC Law School in a recent USC Law Review. It is captious and irritating but takes advantage of some of Fellmeth's blunders, which we have commented on before.

Two: I just looked at Superimperialism by Michael Hudson. It stinks; but you might look at Klaus Knorr, Power and Wealth -The Political Economy of International Power. A purpose would be to cite a leading establishmentarian political economist to show the emptiness of his work. It certainly touches on none of the points raised in BMS, although it has every reason to need to do so. Indeed, as a straight man Knorr can be very useful.

The title page also promises a forthcoming work by Benjamin Cohen of the Fletcher school on the political economy of imperialism. Judging from Cohen's preface it will be no better than Knorr's.

Sincerely,



Mason Gaffney
Acting Director.

MG:jm

Mason Gaffney
B.C. Institute for Economic Policy Analysis
UNIVERSITY OF VICTORIA
VICTORIA, B.C. V8W 2Y2

June 20 1974

Polly Roberts
2490 Channing Way, Room 218
Berkeley, California 94704

Dear Polly:

No, the Wentworth grants were not Australian. Wentworth was a Governor of New Hampshire who claimed title to Vermont and granted land there to various New Hampshirites. About the same time the Governor of New York granted land to New Yorkers. The result was a war, the Green Mountain war, from which the Wentworth people, led by Ethan Allen and Seth Parker got the better of it, although it was never concluded until the American revolution came along and the Green Mountain boys and the New York forces joined against the British. After the revolution the New Yorkers were fattening themselves on the lands which they confiscated from the Tories and the Wentworth grants were left in peace. When Vermont was later admitted to the Union they were legitimized.

The point of it all, of course, is that armed force was used to secure and transfer title to land. Incidentally the confiscation of Tory properties was one of the greatest transfers of land ownership in the history of the country. On a much smaller scale one is reminded of the virtual confiscation of Japanese land holdings in California after the internment.

The upcoming law of the sea conference will surely be worth a footnote or two in our book. Canada, incidentally, has more continental shelf than any other nation. Canada's title to the high Arctic islands has never been legitimized, which helps account for our active program of subsidizing exploration for oil and gas up there. You can be sure that the principle of prior appropriation of fishing grounds will bear great weight in respect to Russian and Japanese traditional practise on the banks of Canada and the United States.

Some may claim that U.S. military power clearly is not used in the Middle East, otherwise how would the Arabs have the bit in their teeth? I think the answer is that it was used under the control of the wrong people with a primary concern over maintaining price, a policy which proved all too successful. According to Arlon Tussing, Chief Economist of the Senate Interior and Insular Affairs Committee, 90% of the world's oil is still produced for less than \$1 a barrel, and nothing sustains

Polly Roberts

June 20 1974

the price but organization of producers. The point, anyway, is that U.S. military power has been exercised for the producers rather than the consumers, and the fact that many of the producers are foreigners has become almost incidental. Exxon, Socony, Mobil, Socal, Shell, BP, Texaco and Gulf and their playmates still want to see a high price.

Tonight I go to work on your manuscript.

Sincerely,



Mason Gaffney
Acting Director.

MG:jm

P.S. I enclose a note from Jerry Milliman about the relationship between the Department of Agricultural Economics in Berkeley and the California Department of Water Resources.

Mason Gaffney
B.C. Institute for Economic Policy Analysis
UNIVERSITY OF VICTORIA
VICTORIA, B.C. V8W 2Y2

4 July, 1974

Polly Roberts,
Rm 218, 2490 Channing Way,
Berkeley, California, 94704.

Dear Polly:

I gave you a wrong figure which you duly incorporated in the excellent little sheet which you distributed at the meeting. Amortizing over fifty years at 9% gives an amortization factor of 9.12% instead of about 10% as I told you. Sorry about that. Memory doesn't always serve, but this little incident should help. When you get up into double-digit interest rates payments on instalment are about 99% interest, as you see.

I hope you will draw an analogy between the visual impact of your page and certain problems of expository writing. Most people are not used to absorbing that much information from that small a space. This is probably immoral and we could disapprove of it on those grounds, but that's the way they are and to communicate it is desirable to thin out the gruel a little bit so as not to depart too radically from their normal style of speed reading. Now don't tell me all the reasons why you crammed it on one page because I already know that.

Section ③ isn't too clear. I can't really figure out what you are saying. It would benefit from considerable expansion I think.

Inasmuch as there is more substance on this one sheet than in the entire span of several of the papers at the conference I am writing Paul Downing to recommend that he ask you to expand it into a note to be included in the book.

Sincerely,



Mason Gaffney,
Acting Director.

Mason Gaffney
B.C. Institute for Economic Policy Analysis
UNIVERSITY OF VICTORIA
VICTORIA, B.C. V8W 2Y2

July 11 1974

Polly Roberts,
Room 218 2490 Channing Way,
Berkeley, California 94704

Dear Polly:

I failed to mention in my last note that a common rule of thumb in civil engineering is the "six-tenths factor" which means that economies of scale that result from increasing the volume of flow in a pipe may be expressed by assuming that as volume doubles cost increases to the 1.6 power. In your example, where the coefficient is the square root, you are increasing it to the 1.5 power for valid geometrical reasons. The additional one-tenth in the rule of thumb takes care of other factors. You may note, incidentally, that I used this six-tenths rule in the graphs used in replacement of individual by mass systems.

Tish will be writing you about the cookware. It looks wonderful. Thank you so much. You shouldn't ought to have done it.

Sincerely,



Mason Gaffney
Acting Director.

MG:jm

Mason Gaffney
B.C. Institute for Economic Policy Analysis
UNIVERSITY OF VICTORIA
VICTORIA, B.C. V8W 2Y2
July 22 1974

Polly Roberts,
2490 Channing Way,
Room 218
Berkeley, California

Dear Polly:

As usual, your letter in the morning mail is the only one worth reading carefully. Yes, Paul sort of bombed it, didn't he? And your suggestion about the planners and industry types is a good one. I'm afraid that Paul has gotten a little too far out in the la puta of Buchanan type theories. Funny thing, though, Paul is a good practical fellow who usually touches down frequently on good, solid ground himself. It's the high priest syndrome that's corrupting the profession, a little more each year.

I am overjoyed to hear that Bill Blackwell has found an advance for his book. I am green-eyed that I didn't get in on it and please congratulate him for throwing the weeds.

You're right, it's a boy or a girl.

Tell me more about Steve Roulac.

Your conference prospectus looks good. I would be delighted to participate along with such distinguished company. I take it you haven't asked them, either, however.

Tell me about William Alonso. I've read his book and it smacks of quintessential pedantry. Have you found another side to him?

Warren Johnson's paper is excellent. You might consider Norman Pearson as a speaker. He is Bob Williams' administrative assistant and author of some Lower Mainland Regional Planning reports on "What Price Suburbia?".

Sincerely,



Mason Gaffney
Acting Director.

P.S.

I enclose Robert Ellickson's book review* of "The Politics of Land" together with some correspondence I've had with him and Jerry Milliman.

*(Polly, it's
in a
separate
envelope.
Jean)*

Mason Gaffney
B.C. Institute for Economic Policy Analysis
UNIVERSITY OF VICTORIA
VICTORIA, B.C. V8W 2Y2

July 31 1974

Polly Roberts
2490 Channing Way,
Room 218
Berkeley, California 94704

Dear Polly:

Thank you so much for the clippings you sent - because we have moved to this luxurious new environment and what a move entails, I haven't had time to read them yet. You should just see us, in this lovely house, surrounded by trees of such beauty!

I've been looking for the past several minutes for a file that Mason says has an address for THE WASHINGTON MONTHLY. I found the file, but there's no such address of that publication. He says you know what the address is. If so, would you be kind enough to send it?

Tish looks absolutely wonderful, but she's still leading a double life. We'll let you know as soon as it happens.



Jean Mohart.

Mason Gaffney
B.C. Institute for Economic Policy Analysis
3771 Haro Road
VICTORIA, B.C. V8P 5C3

September 11 1974

Polly Roberts
Room 218 2490 Channing Way
Berkeley, California 94704

Dear Polly:

Yours on the effect of mineral leasing policies on small and large firms is one of the most stimulating pieces I have seen in a long time. Don't attribute it all to me. There is lots of original P. Roberts in here.

We are having a conference on mineral leasing policy here September 18-20 chaired by Professor Michael Crommelin of the UBC Law Faculty. At the last minute he conned me into giving the opening paper. I will draw shamelessly on your original ideas.

You should come up and present them yourself. It's a little late now to arrange that and you are familiar with the reasons why it could be difficult for me to invite you to participate to two conference running. However, if you should want to come as an observer you would have a crash pad at the Gaffneys. Walter and Thelma Mead will also be here.

Crommelin invited ^{Leland} Norgaard at the last minute ~~and I do not know if Norgaard~~ is coming. You might check with him. _{he}

Cordially,



Mason Gaffney
Acting Director.

MG:jm

Mason Gaffney
B.C. Institute for Economic Policy Analysis
3771 Haro Road
VICTORIA, B.C. V8P 5C3

September 11 1974

Polly Roberts
Room 218 2490 Channing Way
Berkeley, California 94704

Dear Polly:

I'm sending you comments by my colleague, Leonard Roueche, on your "Pricing of Local Services and Effects on Urban Spatial Structure".

I agree with him that your numerical example get pretty tedious around pages 7 through 10. In general, you may find that Paul Downing wants to edit your manuscript a bit and I suggest that you play along with him on this, inasmuch as it could be made more readable by cutting out a good deal of material which is only peripheral to your major thrust. You do love to explore the universe.

Downing may also suggest that you make the tone of writing a little more scholarly. You will feel that he is being stuffy and pedantic, which will be partially true. On the other hand, some of your informalities detract from the impact of the paper by giving you an immature image in the eyes of the reader; so again I would play along with him on this.

Of course your short paragraphs, declarative statements, indicative mood and active voice are all excellent writing features.

You need a summary and conclusion.

Crommelin invited Norgaard but got Lelind instead. I told him if a blank develops in the program and Lelind is invited to give a paper you should be the commentator, and so you may be hearing from him. I told him you had already written your comments.

Cordially,



Mason Gaffney
Acting Director

MG:jm

Mason Gaffney
B.C. Institute for Economic Policy Analysis
3771 Haro Road
VICTORIA, B.C. V8P 5C3

September 30, 1974

Ms. Polly Roberts,
Rm 218, 2490 Channing Way,
Berkeley, Calif. 94704.

Dear Polly:

Thanks so much for letting me know that Tony Chisholm is leaving in December. I'm calling him immediately to get him to come up here. I've had my eye on him for some time.

There are at least three short versions of financial maturity; one by Peter Pearse, one by Dennis Teeguarden who is at the Forestry School in Berkeley and one, I think, by Chisholm. I am sending you what I have. All these are much more readable than the Gaffney effort.

You are quite right that TISTOC evoked some vitriolic response. That's better than no response. My main gripe is that the journal wouldn't let me respond to the response which is not cricket. Chisholm has come to my defence, I'm happy to report.

Don't feel too sorry for poor Bill breaking up with his girl. If that's what he keeps doing it's probably what he wants.

Sorry you got shot down at ABAG. But of course you irritate people. You're logical. What could be more irritating than that? I suppose I should add, as a friend who might be allowed to, that you might occasionally benefit by adopting a more conciliatory posture, even when you know you are right.

Could you send me Steve Hanke's address please. I am delighted that he and Holly and family are still together.

Hayne Leland who came up in Norguaard's place comes on like a real apologist for industry as well as an intellectual snob.

Polly Roberts

September 30, 1974

I will send you my paper when it is written. I was drafted at the last moment and spoke from rough notes as usual. Meantime I will be sending you a much better paper called "Taxation to Make Jobs and Activate Wealth".

Congratulations on your success with the American Institute of Appraisers. How about sending me a copy of your speech.

Cordially,

A handwritten signature in cursive script, appearing to read "Mason".

Mason Gaffney,
Acting Director.

MG/bl

Friday, October 4, 1974

Dear Mase,

Tony tells me you will be at the American Economics Association (?) conference in San Francisco in December. Whoopee!!! Will Tish and Laura come too? I'd love to put on a small party in your honor, if you're amenable. When exactly will you be here?

I have Tony's version of financial maturity, though I haven't read it yet. I've read some other pieces of his which seem reasonably good. Keith and I had him and his wife Kris to dinner last week. I really like them.

All may yet be well with the conference. The ABAG staff has recovered from the shock (it was their favorite project) and hopes that the Committee can be persuaded to some sort of support at their next meeting. It turns out that Santa Clara Supervisor Dan McCorquodale, on the HCS Advisory Council, is also on the Committee (but hadn't come to meetings). So he's going to help. And I've started to look in earnest for money. I've got to get more people in on it though. I'm much too abrasive to run it myself. I antagonize everyone. You're right I should adopt "a more conciliatory posture", but it's hard. I get carried away in arguments.

I don't have Steve Hanke's home address, but you can reach him at the School of Public Policy, UC Berkeley, 94720. I went to the first meeting of Steve's class in benefit cost analysis. Lipsey Lancaster and the second best, Bator's Simple Analytics, etc. It looked very tedious. Apparently Steve called Dick Norgaard yesterday, looking for references on capturing benefits from water projects. So Dick gave him a lecture on how benefits are capitalized into land values and you get them back by taxing land values. According to Dick, Steve wasn't convinced, and wanted documentary proof. Very peculiar. I thought Steve was one of your proteges. You haven't trained him too good. (Unless Dick muddled the story.)

I'm sorry you didn't like Hayne Leland. I haven't met him yet. It looks like the East Bay MUD project won't go, as, according to Steve, EB MUD doesn't really know what it wants, and certainly isn't ready to do anything in the near future. So I may accept Dick's offer (if he gets the grant) and do a thesis on optimal timing of mineral leasing on public lands etc. Dick certainly isn't an industry apologist, even if he occasionally unwittingly supports policies that might favor the big guys unduly.

I sent Jean a note as I was getting desperate for your (non-existent) mineral leasing paper. At Dick's suggestion, I want to try to turn mine into something publishable, perhaps the Natural Resources Journal. So naturally any comments, criticisms, hints, elaborations would be much appreciated. I really took a leap on the risk attitudes. I'm sure I'm basically right, but the argument needs a lot more working out. So if your rough notes are legible, please send a copy. Also please send any other papers that are worth looking at.

I dropped in on Earl Rolph yesterday. (Looking for Bill Vickrey, who'd given a lecture, but already skipped town.) So I tried to make conversation about my conference on development density. Oh, says Rolph, my neighborhood in Kensington is much too dense. How's that? Well the streets are too narrow. So I switched to San Francisco. Oh San Francisco is terribly overpopulated. You know what's wrong with San Francisco in fact? What? The property tax is much too low. If it were higher, it would stop all those new buildings from going up... You will be proud of me. I actually smiled politely and said "Oh really! How interesting!" No, he wasn't kidding.

I am taking accounting this fall. I figure that as an economist I ought to know what businesses are really doing. It's enough to curl your toenails.

Not a peep out of Paul Downing yet. Steve hasn't heard from him either.

I went to Alonso's class in regional development today. I don't think I told you, but I tried to read his book. Pretty rarefied, though he did come up with Bill's diamond idea of tributary area on a street grid. His subsequent stuff that I've read is much better, and not technical. But I was quite unprepared for Alonso himself. I had expected a stuffy grey-haired professor. Instead he's young, foreign (probably Latin American) and quite handsome. In fact he looks like he walked out of a French movie -- he has that kind of sexy smile, which was not lost on the disproportionately large number of women in the audience. For a while all I could do was look at him. After I recovered, I found he does have a lot to say. He has that same kind of highly visual way of perceiving things that Bill does. So I think I'll hang around his class for a while before deciding whether to approach him about the conference.

I do feel sorry for Bill breaking up with his girl, even if in some sense he obviously wants to. He's deeply depressed and can't sleep. He feels he's basically a failure. I guess I shouldn't worry over him as there's nothing I can do, except listen sympathetically. I just pray he doesn't start smoking again.

Actually, I have two depressed men on my hands. Keith is feeling gloomy about his company in Menlo Park. Also another idiot venture he got into in Los Angeles. And then he joined a men's group and feels rejected by them. I have to be terribly careful with him, as he takes any lapse of attention on my part as a sign of indifference.

As for myself, I'm feeling quite cheerful these days. School is exciting and there are lots of interesting things going on. I hope you and Tish are feeling cheerful too (and not too tired.)

Regards,

Mason Gaffney
B.C. Institute for Economic Policy Analysis
3771 Haro Road
VICTORIA, B.C. V8P 5C3

October 9, 1974

Ms. Polly Roberts,
Rm 218, 2490 Channing Way,
Berkeley, California. 94704.

Dear Polly:

I am glad you like Tony Chisholm. I am thinking about hiring him. Look him over and send me your opinions when you have had a chance to digest them.

Yes, Tish and I will be at the convention in San Francisco, December 28th to 30th. I think we will drive down the coast and spend Christmas with Tish's sister in San Jose. She is Mrs. William Millard.

We would certainly make a special trip to Berkeley if anyone should be so foolish as to give a party in our honor.

I am sorry the ABAG conference ran onto some shoals and I am delighted that you may be pulling it off again. Lots of luck.

Steve Hanke is an enigma to me. He is always very friendly and enthusiastic but I am never too clear as to just why. The main thing I know he believes in peak-load pricing, and who doesn't. Incidentally, Leonard Roueche is here working on same. I think that you and he were the star performers at the conference.

I was delighted though to learn that Steve is out there with his family. Evidently there was question about that.

You could do worse than to do a thesis on optimal timing of mineral leasing on public lands. The subject stirs up great interest. Incidentally, there is a young Indian economist at Milwaukee named U. Sankar whom I saw last weekend, who used to make a virtue of technicalities and irrelevance, who is now writing a paper on the subject. He's really quite talented. I think this is his first venture in using his guts. You might want to write him for a copy of his paper which he promised to send me when it was finished.

Polly Roberts

October 9, 1974

Good news, your penpal, Hazel Henderson, turned out to be quite a sensational person. Eat your heart out Barbara Ward, and get ready to move over. Hazel really has it.

In addition, my paper was for once very well received at this conference and it encourages me to think I have finally put it all together. It's about time, with the problems I'm dealing with falling all over our head and shoulders.

Your position on attitudes toward risk got considerable support here at the conference. A couple of mining people pointed out that the small firm prefers risk more than the large firm, since the small firm has to grow larger in order to amount to anything whereas the large firm merely wants to remain where it is. In addition, I brought up in conversations some of your points about how bureaucrats are the least risk-preferring types of all and this struck many a sympathetic cord.

You should write to Professor Brian Mackenzie, Department of Mining and Metallurgical Engineering, McGill University, Montreal, for a copy of his paper on survival strategies for the firm. It gets into pretty classical stuff which would serve as good background for your thoughts.

Your experience with Earl Rolph was not unusual. He has a genius for sensing what it is a person is trying to say and taking the opposite position. It's a way of making conversation. Nobody knows what he really thinks. But incidently, he is one person who doesn't mind your arguing against him. In fact, I think he enjoys it. So sorry, you struck out again. Here's the one guy you should have teed off on.

I'm glad you liked Bill Alonso. I never could understand why such a nice, cute little guy would write such a stuffy book.

If Keith is depressed and turns to you for solace and comfort, maybe things are working out after all. It's a good sign.

I will write Paul Downing. It's about time we all heard from him.

Cordially,



Mason Gaffney,
Acting Director.

MG/bl

Mason Gaffney
B.C. Institute for Economic Policy Analysis
3771 Haro Road
VICTORIA, B.C. V8P 5C3

October 18, 1974

Ms. Polly Roberts,
Rm 218, 2490 Channing Way,
Berkeley, California, 94704.

Dear Polly:

This is a belated response to your letter of some time ago advising me that you were withdrawing from your work on "Benefits of Military Spending".

You may recall that you exacted from me a number of commitments as a condition for your doing this work. I presume that I am now released from these commitments.

I sent you a great deal of material for use in this work. Would you return this to me now please in the event that I get a chance to complete the work some time. Anything you care to add from your own research would also be appreciated.

I very much regret that this co-authorship did not work out. However, the wind bloweth where it listeth and the muse cannot be forced. I think I will try Kenneth Bolding next. How do you like being first choice over Kenneth Bolding?

Sincerely,



Mason Gaffney,
Acting Director.

MG/bl

Sunday, October 20

1974

Dear Mase,

Oh lordy! Perry just dumped on me. I had no idea these Rodda hearings were so all fired important. I had called Rodda's office, and offered to help, -- and they never called back. So if you're coming the hearings must be important (or Perry is good at twisting arms long distance). Anyway I'm going to call Rodday again tomorrow to see what's up. Perry wants lots of California witnesses. So I suppose Phil will wake up one morning next week and discover he's an expert on the effect of property taxes on farm size. Keith will become an instant expert on their effect on water development, and perhaps Bill on urban renewal (he used to work for SF Redevelopment.) (And I?) I can probably scrounge up some more academics. Walla Smith or Steve Roulac? I don't know Alonso's views on the subject yet, but he's read a fair amount of your stuff, and repeats it in some of his writing. Then there's Dan McCroquodale, Sta Clara Supervisor. Maybe Paul Taylor? I guess I can manage. Anyhow, it will be great to see you so soon and unexpectedly. Keith will be moved into his new apartment on Telegraph Hill by then, and can put you up if you like. I will let you know whatever I find out about these hearings.

I think Tony Chisholm is very bright and competent. He's also under contract to go back to Australia to teach. So there's not a chance of hiring him, at least at present.

Was that another paper you gave at Hazel Henderson's conference? Or the same one you were revising for TRED? You keep tantalizing me with all these papers you are going to send me. But, like the Major General said, you don't go. I'm going to shrivel to raisins with frustration.

I still haven't settled on an opinion of Alonso. As I said, some of the arguments he makes -- impact of depreciation loophole, anti-children policies as the result of local school finance, etc -- sound like they came right out of your articles, which they probably did. On the other hand, he's been trotting out Keynesian multipliers in class. You know, you increase the multiplier by increasing exports and decreasing imports. Mercantilism. But I'm not sure he believes it. He debunked input-output, and other fixed coefficient systems pretty thoroughly. So why not multipliers? There are of course multipliers for investment in an area, but I imagine one can explain these in terms of economies of scale or density, increased specialization, increased interaction and variety, more rapid turnover, etc. I also get the impression he's afraid to come out and say bluntly things that might antagonize people. In his articles he sort of sets the stage for policy by clearing away some more obvious myths -- and stops there. You should forgive him his book, though. That was his Harvard thesis, so perhaps an exemplar of youthful pedantry which he has outgrown. (May we not fall into the same trap ourselves.) As for his being such a nice, cute little guy, -- you should talk!

My best to Tish, and I'll be in town shortly.

Mason Gaffney
B.C. Institute for Economic Policy Analysis
3771 Haro Road
VICTORIA, B.C. V8P 5C3

October 31 1974

Polly Roberts
2490 Channing Way,
Room 218
Berkeley, California 94704

Dear Polly:

Don't let Perry dump on you. He's pulling down \$30,00 or \$40,000 from Schalkenbalk and \$15,000 from Lincoln and you're lucky to get expenses out of him. Let him do his own damn work; and let him prove to you that these Rodda hearings are important. I'm not at all sure they really are. Rodda appears to take quite a negative attitude.

And who told you I was coming? I'm not.

George Break's conference was a little dull and I couldn't really tell you what the theme was. Terry Margerum from ABAG didn't show. But guess who agreed to chair next year's conference? And guess what it's about. It's about this phantom paper which I really am going to send you. I'm just waiting to finish the appendices. Maybe you would like to contribute a chapter at the conference, which will be next October. After you've seen the paper around which the conference is to be built maybe you'll find something you'd like to go into. It has a lot to do with replacement policy. I've asked Tony Chisholm if he might want to do something on how taxes slow down replacement.

Tony seems to be a good but perhaps dull man. At least he strains at gnats and while he doesn't swallow camels he doesn't seem to have his priorities in order, either.

I'll be talking to you before you get this.

Cordially,



Mason Gaffney
Acting Director.

MG:jm

Sunday, nov. 10

1974

Dear Mase,

I'm getting bored of writing up my testimony on the virtues of LVT for next week -- I'm hoping it can double as a tract for environmentalist and other misguided friends -- so I thought I'd try something more exciting.

That's exciting that you're chairing TRED next year. I'd love to write a paper if I can find an appropriate topic. I still don't feel at home in macro; I think I know micro a lot better. But that's changing, actually. I'm getting a broader perspective from Alonso's course. Lifting my eyes from individual cities to whole systems of cities. We're having kind of a national sprawl, with the greatest new city development around the edges of the country, particularly the southwest. And looking at whole economies in terms of centers and hinterlands, and relations between. I have yet to find anything significant that I disagree with Alonso about (what a snob I am!) He's even a believer in site value taxation -- I raised the subject obliquely, and he rattled off some of your arguments to me. Of course he is super cautious -- he has perhaps fallen into the effectiveness trap. He whizzes around the world as a consultant to foreign governments, gently and humorously pointing out some more obvious mistakes. But maybe if he called things as he apparently sees them deep down, no one would listen. You definitely should invite him to TRED.

Tony is very bright, or at least seems to catch onto what I'm saying very quickly. He says the reason he has written so little is that he's normally been under a very heavy course load. Don't be so quick to run people down. Anyway, you'll meet him at Christmas.

I just finished a fascinating novel, recommended by Keith's and my mutual shrink. It's called Fear of Flying, by Erica Jong. Perhaps I'll send you a copy, kind of a retroactive birthday present (I'm sure you like to be reminded.) It's an obviously autobiographical story of a woman writer, my age, married to an attractive but stodgy shrink. She goes on a wild fling with another shrink. It's very funny, and rather raunchy. There are some rather striking resemblances between her and her husband, and me and Keith. It's nice to know I'm not alone in some of my pécadillos. Like feeling horny most of the time. Ah the joys of being a student, when you can stare steadily at a man for an hour and a half without his suspecting what's on your mind. (Did you ever wonder about your students?) Or worse, my propensity to fall in love with people all over the place, which I've done repeatedly since we were married. And felt wretchedly guilty about betraying Keith. I was madly in love with you for over a year. Oh not you personally, as much as a great fantasy about the kind and gentle man who was going to save me from the sump into which I had sunk with Keith. Perhaps you felt the same about Michele. And then without a pause for breath, Bill. (Yes, that was my great affair of this spring. I didn't want to say anything when it looked like you might hire him.) What an improbable savior! Needless to say, I drove him up the wall. But the point of these true confessions is that I've learned that I haven't really committed such unpardonable sins towards Keith after all. That we

can still come back together, and feel reasonably happy with each other despite an occasional wandering. (She returns to her husband in the novel.) That's a real revelation to me, though it may seem obvious to more worldly sorts. One doesn't have to be married -- and totally loyal in every thought and deed -- or divorced. In short, people are human.

Hurry up with your appendices.

Thursday, Nov. 14

Dear Mase,

Well, here it is, first and second draft corrasable bond masterpiece, one part Property Tax is a Progressive Tax, one part Intergovernmental Relations testimony, a bit of Adequacy of Land, some naive questions from Rodda, and even a dash of PR. Anyway, let me know what you think (if it doesn't put you to sleep). I've tried to avoid technicalities, and instead deal with questions the average unsophisticated sort is liable to ask. Speaking of unsophisticated, though. I just got a study by the consultant for the Revenue and Taxation Committee. He took some data on Fresno assessments, and found that a shift to site value would greatly increase taxes on homeowners, (and be highly regressive as his data show that properties with low improvement to land ratios belong to poorer people than homeowners. His data also shows assessed value of improvements in Fresno County about 2x land. I tried to find out what he'd done and where he got his data over the phone and he got really sore at me. I hope I haven't permanently injured the cause of site value taxation.

Alonso gave a fascinating talk today about cities as centers of innovation, and how innovation is labor intensive. He's tried to work out some statistics on this, though they're pretty crude. Talk about pulling his punches, though. He started out the class by showing with marginal diagrams why cities might limit their population. Yet he avoided any provocative terms like mercantilism, and made no connections with actual practices. Yet I know what he thinks. A couple of weeks ago he was chatting about city planning in Latin America, the problems of policy analysis that the officials faced, etc. The Latin Americans in the class jumped on him, and finally, under pressure, he admitted that he didn't think any important changes would occur there without a revolution. That's what really bugs me about the guy. He fully understands what's happening, yet he cheerfully talks abstractions and trivia. It wouldn't be so bad if he were dumb. It bugs me even more because he's so attractive. He makes witty comments, and when the class laughs, he smiles, looks at his feet, and blushes. Absolutely irresistible!

God damn Perry called up the George School and left a message I'm supposed to make hotel reservations for him. Also I'm supposed to arrange an appointment for him with some cat at the BofA. Who does he think I am?

Mason Gaffney
B.C. Institute for Economic Policy Analysis
3771 Haro Road
VICTORIA, B.C. V8P 5C3

November 13 1974

Ms. Polly Roberts,
2490 Channing Way
Rm. 218
Berkeley California 94704

Dear Polly:

Following our talk I read your talk to the appraisers on the cost of low density policies. I wish I could spend all my days reading fascinating pieces like this, true, effectively presented, relevant, important and righteous (I didn't say self-righteous).

When is your ABAG conference to be?

Your piece on low density is too good to discard. We must find someone to send it to. I will send mine over to Mary Rawson, B. C. Land Commission, who should be learning about you. Better yet, I'll send it to Bob Williams, with your name on the last page. Then he'll be sorry.

Cordially,



Mason Gaffney
Acting Director.

MG:jm

P.S. Send one to Martin Stern also.

Tuesday, Nov. 19

Dear Mase,

This was quite a day. I'm too tired to hit the books again, so I thought I'd write you instead. (You see my priorities.)

Perry, Lowell, Art, and I testified today, plus a variety of Georgists including -- a pleasant surprise, -- Bryan Stevens, President of the California Teachers Association. He has apparently talked them into working for school support by statewide property taxation. Plus some guy from the California Real Estate Association, who trotted out all the old chestnuts about the "modified single tax" -- impossible to appraise land accurately, "confiscatory", etc. When he finished Perry rather rudely exploded at him that this was the biggest collection of lies and contradictions he'd ever heard.

I think it went pretty well, though obviously a hearing like this is only a first step. It was apparently quite an eye-opener for some of the senators. Unfortunately, Perry tried to answer a lot of questions he didn't understand about the effect of site value on farm land -- ended up suggesting tax exemptions for small farmers or something -- he made a bit of a fool of himself, though I'm sure he didn't realize it. Lowell never does things by whole measures I guess. He made a resounding argument for untaxing capital, -- and then said maybe you should leave a little bit of a tax on it. Only it shouldn't be a tax proportional to the value of improvements as that would discourage them. Perhaps a tax "proportional to the size, or something".

And dear Art, who basically did a good job, shilly-shallied endlessly about what you do in the transitional period. In fact he spun out an elaborate plan for keeping taxes down on people whose taxes increased under a shift to site value -- but only until they sold the property. I could see the senators' eyes glazing as he went on and on with the details. And then -- God help us -- he admitted with a grin that he had only thought up the plan this morning!

All three of them admitted, or seemed to admit under questioning that vigorous use of zoning would make the tax more effective. Of course all these concessions and modifications set them up perfectly for the guy from the real estate association.

Despite such major flaws, I think both senators and staff were impressed by the calibre of support for land value taxation, -- though obviously there are a lot of things they still don't understand.

I got your note today. I'm glad you liked the talk to the appraisers. It's actually Keith's work too, which is why the "we". I have submitted it to the Appraisal Journal. I will send a copy to Martin.

The ABAG conference is for May '75 or later. If it goes at all. I have raised all of \$250 so far (from Alf Heller, former head of California Tomorrow) and have at least \$5000 to go. I have various grant applications out, but nothing looks overly promising yet. The Foundations have lost a lot of money on stocks.

Mason Gaffney
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November 20 1974

Ms. Polly Roberts,
2490 Channing Way, Rm. 218
Berkeley, California

Dear Polly:

Thanks for sending the reprint by Alonzo. I agree with most everything he says. Why is it that people who agree with me leave me out and people who attack me do so by name?

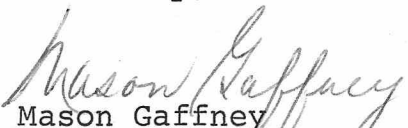
I do not know what's eating Goldstein and Thompson. I should think they would be ashamed to renew the attack after the editor of the Western Economic Journal didn't let me publish a reply to their first one. I guess they have no shame. Did I ever send you my reply to their first attack. It might have irritated them, but then, they did start it.

Only by reading Eric Berndt on "Games People Play" can I understand the behavior of Alice Vandermeulen the then editor of the Western. I think it's a modified form of rapo. She inveigled me on by telephone, saying "It's a pretty rough attack but we know you can take care of yourself." Then when I answered in kind she expressed dismay.

Anyway, I never should have answered in kind. I think I'll ask for a copy of their attack this time and answer very soberly and briefly.

The only reason I know why Thompson should have been mad at me originally was that his college offered me a job in 1964, which I declined after giving it very serious consideration, and I only declined because Milwaukee came back and matched the offer. I also once asked Thompson a question at a seminar he gave which he couldn't answer. But that doesn't seem like very much. Maybe the smog is getting to him, yet I dare say he produces a good share of it.

Cordially,


Mason Gaffney
Acting Director. 

MG:jm

P.S. What is the date of your proposed conference that I'm supposed to come to? I want to get it on my calendar.

Polly: I'm sending this letter without Mason's own signature because it was dictated some days ago and I've been swamped with getting his book to the U-Vic printers (ready very soon). And since this seems to me to require some answering and he's away from the office at a prov. gov't. conference* (with other province's resources ministers invited --hosted by B.C.) I'm going to send it on to you.

*Prestigious affair, what?

Hope you're well.
You ought to see Laura -
She's beautiful. Jan

Tuesday, Nov. 25

1974

Dear Mase,

After our conversation this morning I can't resist sending you the enclosed tidbits, grossly oversimplified and hacked by editors though they are, to show you I have been thinking about the problems you pose in your paper. So please don't pigeonhole me as being concerned only with cities. As for the macro, I understand your macro. I've just ~~never~~ understood Keynesian macro -- it has always struck me as rather an elaborate rationalization of cartel practices, with its fear of overproduction and underconsumption.

Another thing I like about your paper that I forgot to mention is that you come right out and acknowledge your debt to George. It's about time Georgists came out of the closet. Lord knows there are enough of them around, but so secretive and defensive. Send a copy to Richard Pensack at the George School. Maybe he'll take from you what he won't from me: that George rather muddled capital theory.

Do call Bill, and give him a while to think about it. It's tragic for him to waste his talents designing nuclear power plants, even though he's rather enjoying it at the moment. He's not that secure at Bechtel anyway; they're laying people off due to cancellations or delays of projects, and while he has a high position, he's only been there six months. His number at Bechtel is 546-0901.

I'm planning for the 27th, and should be in contact with you before then.¹/₂ It was nice to talk this morning. And now back to my mineral leasing paper -- which is in those constipated early stagesfwhere I welcome any distraction.

Regards,

Fri. Dec 6 1974

Friday, Dec. 6

Dear Mase,

You are perfectly right to postpone a decision about my coming to the conference for the reasons you gave; that I should be getting on with thesis, I have a lot of other commitments, and have a tendency to bite off more than I can chew (though EMS was an extreme example & I still hope to do something with those ideas when I have digested them better). I had an attack of insecurity that you might be disinviting me because you didn't think I was really all that capable -- you do have a bad habit of praising people extravagantly to their faces and expressing reservations behind their backs.

I have, however, been mulling over some ideas that may go into thesis on mineral leasing about the effect of corporate size or size of income on turnover. I.e. large size = low internal discount rate = slow turnover. It's a point you allude to and may even make directly (I forget) but it ~~could~~ ~~more~~ ~~emphasize~~ more emphasis and development. In other words, concentration of wealth (reinforced by the tax system) is in itself a major cause of the mess we're in. Your paper as it stands is vulnerable to the criticism that well the poor ye have always had with ye since long before the income tax. You say, of course, that undoing the biases is only a first step, but a lot of your readers won't know what the next steps are. So perhaps I could try to make a case for public rent collection as an antidote to the biases arising from concentration of wealth.

Since you say you're working on your mineral leasing paper, I have enclosed a rather raw draft I just finished for Dick Norgaard. It only goes as far as trying to build a theoretical and empirical justification for the idea that large firms are more risk averse. The two standard reasons as to why they should be less risk averse have been previously dealt with on an all-else-being-equal basis, and have also neglected the time dimension of risk. But there are still some bugs in my analysis. But if I am right, there are some interesting implications for such things as the old dispute on the social rate of discount. Comments appreciated.

I'm glad Paul liked my paper, but I wish he'd write me, or call me. I'd like to get on with revising it, but I can't do that until I know what he wants.

You're right that one cannot compare US and Japanese yields per acre fairly. The Hayami and Ruttan statistics are at best suggestive, and useful to throw at the we have run out of prime agricultural land crowd. But, I would suspect that Japanese marginal land in production is a good deal worse than ours, ~~both~~ ~~because~~ because of their greater need for land, due to higher population density, and because they do inhabit a rather unpromising rockpile with very little flat arable land. The Hayami and Ruttan statistics may exclude marginal rangeland; I should check.

I still don't know what's going to happen with my conference. The B of A Foundation turned it down. But there's an awful lot of interest so I still have hope.

I got a note from the editor of The Real Estate Appraiser saying she was sending Keiths and my paper to her editorial advisory committee with a recommendation that they accept it! So I'm sitting on the edge of my chair.

I haven't seduced Alonso (I did invite him to the party) but in a Latin American vein I have landed (for the moment) a perfectly gorgeous Chicano. An impressive guy, too; came to the US illegally at age 15 and 20 years later has an MBA from Berkeley teaches at SF City College, & is getting a PhD in planning. Horatio Alger lives!

Mason Gaffney
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December 2 1974

Ms. Polly Roberts
2490 Channing Way
Berkeley, California
94704

Dear Polly:

Your response to Sidney Bloom, published in 1974, makes me feel like a plagiarist. I seem to have lifted several ideas right out of your text. My only criticism is that Mr. Bloom seems to have been used as a stepping-stone and then completely forgotten about after paragraph 2. Probably he deserves it.

I am delighted that you want to participate in the 1975 conference. There was never any doubt in my mind that you would give the best paper going if I got you there, just as you did at the Downing conference. Incidentally, Paul called yesterday and said that your paper was the strongest one that he has and it more or less saved all of Section 1 of his book. I think there are three sections in all. I would say it probably saved Sections 2 and 3 as well.

If you really want to come to this Madison conference I will invite you in some capacity or other, you may be sure; however, I have been guided by your expressed desire to concentrate on getting your Ph. D. and stop fooling around with writing manuscripts for or with Gaffney, which take lots of your time and don't get finished, and I also recall your penchant for initial enthusiasm followed by greater sorrow. So let us let this decision simmer awhile, until you have had time to check out your schedule carefully and ascertain that this is really what you want to do.

One idea which would fit in nicely with your present position with the Giannini greengrocers is to expand on your allegations in the Analyst concerning the extremely ^{high} yields available from land intensively cultivated by hand labor. You might even tie this in with pollution and insecticide problems. No question but we could get by with much less insecticide if it were applied with a higher input of labor.

like or similar
By the way, I'm sure you know you cannot compare yields per acre in Japan with United States fairly, since you would have to compare lands in the two countries. I do not think that Japanese land would include much land like that which is grazed in Nevada and Arizona, for example.

The job that really needs to be done is that which Michael

Polly Roberts

December 2 1974

Perelman set out to do, relating all this to scale of farm, only you have the tools which he lacks, to do a respectable job of it.

I now have acceptances from Hyman Minsky, Hans Brems, Gerry Brannon and Roger Bezdek, an input- output type; and rejections from Bob Dorfman and Roland McKean, so I'm batting .667, which is a whole lot better than I did with the last conference I organized, and Jack Hirshleifer has said "Maybe" and meantime got Harold Somers to invite me to UCLA to talk to his students about the whole thing so maybe things are rolling.

Maybe we should even give a soiree in San Francisco for those who have accepted by the time of the meeting.

Meantime I must buckle down and write my article for the conference on Mineral Leasing.

Tony Chisholm sent me Proctor Thompson's nonsense and his reply, and comments that he doesn't want to get caught in a cross-fire between me and Thompson. It sounds as though he's running for cover. What's his problem?

Cordially,

Mason Gaffney
Acting Director.

MG:jm

Mason Gaffney
B.C. Institute for Economic Policy Analysis
3771 Haro Road
VICTORIA, B.C. V8P 5C3

November 21 1974

Ms. Polly Roberts,
2490 Channing Way
Berkeley, California

Dear Polly:

Here is the manuscript I have promised you for such a long time, complete with Appendices and footnotes.

I'm going to chair the 1975 TRED conference at Madison in October, and it will be built around this theme. Needless to say, I would welcome any suggestions from you as to possible participants. The man at Chico State would be good if you and Keith hadn't given him such a bad notice. Do you know anyone who has done comparable work who might make a possible conferee? I have one here: Ernst Berndt, but he is so formal and econometrical that I am not sure anyone can understand him. Is anyone there in economics doing anything relevant?

Cordially,



Mason Gaffney
Acting Director.

MG:jm

Mason Gaffney
B.C. Institute for Economic Policy Analysis
3771 Haro Road
VICTORIA, B.C. V8P 5C3
November 26 1974

Ms. Polly Roberts
2490 Channing Way,
Rm. 218
Berkeley, California

Dear Polly:

I am glad to hear that the Sacramento hearings went well, and I am a little surprised, since I assumed that Perry would blow it. I assume that your testimony was the star performance of them all.

Bryan Stephens, I think, is the man who sued Phil Watson for under-assessing Ronald Reagan's property in the Malibu Hills a few years back, and won. His lawyer was Stanley Sapiro of Pasadena, an old-time Georger. Stephens was a teacher in San Merino at the time, around 1967. I'm delighted that he is now head of the California teacher's association. I always suspected he was more ^{than} the cat's paw for Sapiro that Stanley would have led me to believe.

Albert Shanker of New York, head of the New York Teacher's Union, once had excerpts from "The Property Tax is a Progressive Tax" reprinted at his expense in the New York Times. Maybe - just maybe - organized teachers are that political force we have been looking for to carry the ball.

I have three strong acceptances for the October '75 conference and it looks as though we are off and running.

Cordially,

MG:jm

Mason Gaffney
Acting Director.

Mason Gaffney
B.C. Institute for Economic Policy Analysis
3771 Haro Road
VICTORIA, B.C. V8P 5C3

November 26 1974

Ms. Polly Roberts,
2490 Channing Way,
Room 218
Berkeley, California.

Dear Polly:

Your testimony before Senator Rodda's committee
relished. I will be fascinated by their reactions.

Cordially,



Mason Gaffney,
Acting Director.

MG:jm

Sunday Dec 15 1974

Sunday Dec 15

Dear Mase,

Thanks for the piece by Potts. I haven't quite figured out the key to it, but it strikes a responsive chord. If you intended to harp upon a theme, I will take note of it and face the music, remaining even-tempered, of course!

I will probably invite the people you suggested (after measuring Keith's back porch.) I've ~~already~~ already invited the Wedens, and Martin Stern may come. Everybody almost on the list I sent you has accepted, so it will be a real sardine operation -- I don't want to turn all of our friends off of high density. Maybe you can get together with people you really want to see like Tony and Bob for a half hour or hour before, or another night.

It looks like the conference will go, though I think it will have to be postponed till fall '75. But some money has finally arrived, and other possibilities are looking good, like maybe \$1000 from the Bof A. It's enough to start full scale planning. One last hurdle is the ABAC Citizen's Alliance Committee which I have to get approval from on Thursday. Dan McCorquodale, Santa Clara County Supervisor & on the HCS Board of Advisors is on the committee and can hopefully push it through.

Dick Norgaard came up with some very sharp criticisms of my stab at analyzing risk-averse behavior. I have a long way to go. More depth and less breadth, he says -- if I'm ever to get a thesis done. He's right. I have such a hard time getting down to detailed work. I wonder if I'll ever finish. I have what seems to be your problem too: it's so easy to dash off pieces on a wide variety of subjects, but so hard to dissert one subject at length. The only good dissertation is a finished dissertation, my new friend Pablo keeps telling me. And knowing him, he will whip something off in six months without caring whether it's more than just passable. He's a total cynic about the academic racket, and tells some hair-raising stories about some of the planning faculty. (Not Alonso, whom he respects.) I have a creepy feeling he's right, and that I'm much too idealistic. After all, he has made it the hard way. Though I still have trouble believing this educated, sophisticated character was a migrant farmworker only a few years ago.

Do send Alonso and Norgaard your paper. Also Richard Pensack at the HCS. You sent one to Bob Tideman there, which occasioned some confusion, as Bob is no longer with the School. Send one to Peter Barnes; he's coming to the party. In fact, bring some copies down with you. And, once again, do you have a short version that would be usable for Environment?

Anyway, Keith and I are looking forward to seeing you and Tish in -- less than two weeks!

Regards,

Mason Gaffney
B.C. Institute for Economic Policy Analysis
3771 Haro Road
VICTORIA, B.C. V8P 5C3

December 5 1974

Ms. Polly Roberts
2490 Channing Way, Rm. 218
Berkeley, California 94704

Dear Polly:

You are a dear to plan a party for us December 27th.
You sent a list of names with space for others at the bottom.
I tentatively name some others, with the thought that your list
is already pretty long and these should be regarded strictly as
options.

1. Toby Page,
Resources for the Future
1755 Massachusetts Ave., N. W.,
Washington, D.C.
who will be at the meetings, of course.

2. David Martin,
Indiana University

3. Baldur Kristjanson
Economic Development Advisory Board,
Government of Manitoba
Winnipeg, Manitoba.

He is a friend of Rainer Schikele's.

4. Willa Baum
Regional Oral History Office
General Library,
University of California, Berkeley.

Willa comes complete with husband Paul, a local shrink,
but they usually travel separately.

5. John Wilson
6425 Belleview Drive,
Ellicott City, Maryland

6. Earl and Carla Bossard
Department of Economics
San Jose State

Ms. Polly Roberts

December 5 1974

7. Dr. Bud and June Weden
49 Oak Knoll Drive
San Anselmo

You probably know the Wedens.

An alternative approach would be to cut the thing down to a very few. I would like to get to know Bob Curry better and Tony Chisholm, but I have the feeling you are in the mood for a big bash.

Cordially



Mason Gaffney
Acting Director.

MG:jm

Mason Gaffney
B.C. Institute for Economic Policy Analysis
3771 Haro Road
VICTORIA, B.C. V8P 5C3

December 12 1974

Ms. Polly Roberts,
2490 Channing Way, Rm. 218
Berkeley, California
94704

Dear Polly:

As you know, by now, I've invited Alonso. Thank you for cluing me in. The paper you sent me of his was really first-rate.

Your proposal to write a chapter on the effect of corporate size or individual wealth on turnover is a good one. It is so good that I have already asked David Martin to do it and he has accepted. See his chapter in my edited book "Extractive Resources and Taxation" where he relates reserve:output ratios to size of firm.

You can also tell from that chapter that Martin does not write in a very spritely or imaginative style, nor grip the reader's imagination with a very stirring statement of cosmic issues. In this department you are clearly the leader, and there is no reason why we cannot have two papers on closely related topics. Indeed, he might conceivably botch it altogether, so feel free to go ahead and develop your idea. If it is any good I will be glad to include it in the book even if I can't find space for you on the program at the conference.

Criticizing people to their faces is one of the world's least productive exercises. It is usually done just to prove to one's self that he is not afraid to do it, which is not enough motivation for me. Criticizing them behind their backs can be a useful way of letting off steam as well as warning one's friends, so I don't quite buy the philosophy that sincerity requires that we criticize everyone of whom we feel critical. There's really no point, unless the person is prepared to listen.

Which reminds me, at our next meeting I must warn you about the man who wrote you such an outrageously flattering letter recently, and then proceeded to tell you that you should have written it the way he would have. You may be glad to learn that I have also written him some of the most sharply critical letters of my life, and probably his, but it just rolls off his back and he goes chugging ahead like a big old steamroller drawn by a rhinoceros.

Tish and I are all excited about the 27th.

Cordially,



Mason Gaffney
Executive Director.

MG:jm

Mason Gaffney
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3771 Haro Road
VICTORIA, B.C. V8P 5C3

December 12 1974

Ms. Polly Roberts,
Room 218 2490 Channing Way,
Berkeley, California 94704

Dear Polly:

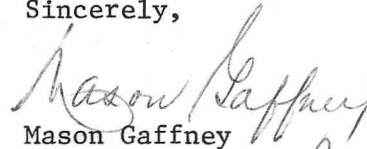
Do you like any of these titles better than "Taxation
to Make Jobs by Activating Wealth"?

More Jobs with Present Capital, Less Resources
and No Inflation

More Jobs with Less Resources, Present Capital
and No Inflation

More Jobs with Less Resources, Present Capital
and Steady Prices

Sincerely,



Mason Gaffney
Executive Director.

MG:jm

Monday, Dec. 16

1974

Dear Mase,

With some trepidation I invited the list you sent, which will put us over 40. I'm caught between decreasing marginal costs of feeding more people, and increasing marginal costs of congestion. It's a problem for Vickrey. But actually people can spill over into the downstairs, and out into the courtyard if its nice weather. But it should be fun. It's a great neighborhood to get food for a party, with all the Italian specialty shops two blocks down on Grant.

I'm delighted you invited Alonso; I hadn't known. (I just handed him a rather mediocre exam. I was too tired at the end of the quarter to be very original, and besides I write my best exams when I disagree with the professor.) I still feel bad that I carped about him that way. I just didn't understand his super diplomatic approach. I have enclosed his assault on the Four Corners Project for your entertainment. He slices them up so neatly I imagine they never knew what happened. He will be coming to the party.

That's a good way to leave it for ~~the~~ participation in your conference: If I can do something that fits with it and my thesis, I'll do it and you can decide whether to accept it. If not, thesis first.

I didn't mean by my comment about you that one should criticize people to their faces, necessarily. I was mostly thinking about criticizing peoples' work. It seems to me that when faced with ~~some~~ ~~friend's~~ ~~else's~~ less than brilliant work, one should a) say nothing, b) say what good can be said and drop a merciful cloak of silence on the rest, or c) offer constructive criticism. You have a tendency to go into raptures over a person's mediocre work to his face, and make nasty remarks about it behind his back. ~~It's not the kind of remark Steve Hanke~~ ~~watched you do that to Steve Hanke~~ because they're presumably what you really think, but the raptures. I've watched you do that to Steve Hanke. And I know you've done it with me, over some ~~juvenile~~ pieces I sent you that I'm now embarrassed to have written. The point is, I very much need and value your constructive criticism. You give me very little, so little in fact that I can never be sure I'm getting your honest opinion of my work. Hence my outburst of paranoia over the conference. After all, if Dick Norgaard can find two dozen valid criticisms of everything I write (and never a kind word), surely you can find a few criticisms too. I'm far from perfect yet. We all are. It's awfully hard to keep one's bearings without occasional helpful criticism from friends. (Thus endeth...)

Still nothing from Paul. Maybe I should call him.

Regards,

Mason Gaffney
B.C. Institute for Economic Policy Analysis
3771 Haro Road
VICTORIA, B.C. V8P 5C3

December 24, 1974

Professor Steve Hanke
Graduate School of Public Policy
University of California
Berkeley, California, 94720

Dear Steve:

Thanks for your note and sending the piece by you and Richard Walker. I have two criticisms:

- 1) It took me a long time to find the punch lines; and
- 2) when I did find them, on the top of page 907, I have to disagree. Your thesis is that there are unresolved problems in benefit cost analysis and therefore it follows unambiguously and monotonically that the proper solution is found in the political process. That is a monumental nonsequitur, sir. We must pursue this next time you are stationed in the Gaffney Hotel.

None of this detracts from my earlier praise about the flowering of Hanke in the spate of articles you produced last year.

Cordially,

Mason Gaffney
Acting Director

MG/cn

cc: P. Roberts

Mason Gaffney
B.C. Institute for Economic Policy Analysis
3771 Haro Road
VICTORIA, B.C. V8P 5C3

December 24, 1974

Ms. Polly Roberts
2490 Channing Way, Rm. 218
Berkeley, California, 94704

Dear Polly:

see mine to Hank

How wrong can you be? Now as to my criticism of your work,
two observations:

1) I have praised much of your work rapturously and altogether
sincerely, and

2) I have occasionally tried to tell you I didn't like
something you had written and found you extremely defensive which
became quite a bore and I quit. So there. But that was two years
ago and presumably that problem is passed you.

I'll see you before you get this.

Cordially,

Mason

Mason Gaffney
Acting Director

MG/cn

P.S. Please lend me a copy of the EPA, HUD and CEQ study on the
cost of Sprawl which you ~~site~~ cite. Sounds good.