

On Doing More with Less



On Doing More with Less

AND OTHER MESSAGES FOR UNIVERSITY ADMINISTRATORS

Collected Papers of a Former Insider

Bruce R. Beattie



**On Doing More with Less and Other Messages for University Administrators:
*Collected Papers of a Former Insider***

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“Ten Commandments for Agricultural Economics (and Perhaps Other Administrators)” was originally published in the *Western Journal of Agricultural Economics* 8(2):209–214, 1983. It is reprinted with permission.

“The Proper Preeminent Role of Parent Disciplines and Learned Societies in Setting the Agenda at Land Grant Universities” was originally published in the *Western Journal of Agricultural Economics* 12(2):95–103, 1987. It is reprinted with permission.

“Some Almost-Ideal Remedies for Healing Land Grant Universities” was originally published in the *American Journal of Agricultural Economics* 73(5):1307–1321, 1991, by Blackwell Publishing. It is reprinted with permission.

“North American Studies, Wet Land Institutes, and Centers for Policy Reform: Academic Albatrosses or Panaceas?” originally appeared in the *AAEA Newsletter* 14(1):1–2, 1992, published by the American Agricultural Economics Association. It is reprinted with permission.

Bureaucratic Behavior and Rent Seeking in the Ivory Tower (Including Agricultural Economics), was originally presented and published in 1994 as part of the Benjamin H. Hibbard Memorial Lecture Series of the Department of Agricultural Economics (now Agricultural and Applied Economics) at the University of Wisconsin-Madison. It is reprinted with permission.

“Doing More with Less: A Doubtful Proposition,” first appeared in the *Arizona Review* 1(2):3–6, 2003, published by the Department of Agricultural and Resource Economics and the Cardon Endowment for Agricultural and Resource Economics at The University of Arizona. It is reprinted with permission.

ISBN-13: 978-0-9786819-0-6

ISBN-10: 0-9786819-0-8

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Foreword



What a treat! This collection of papers—published over a twenty-year span of Beattie’s distinguished career—brings fresh, insightful, reasoned thinking to the always-present challenges of better administering a university. And he does so with clarity and wit, underlain by experience and a watchful eye to what his parent discipline, economics, has to say about such things. Be they fat times or lean (mostly lean the last couple decades), Bruce’s *messages* strike at the heart of many of the most vexing issues faced by presidents, provosts, vice-presidents, deans, directors, and departmental chairs. Why do precious taxpayer and university resources go to proliferating administration when classrooms and laboratories cry out, unanswered, for additional faculty? How can this overburdening and muddled administrative structure—that also stifles creativity and creates animosity between academic units—be fixed? How should administration react to the proliferation of interdisciplinary and topical-studies programs? What strategies will sustain and enhance departmental productivity in good times and bad? What role should scholarly research play in teaching and outreach? What role should decentralized faculty and learned societies, versus the administration, play in setting research, teaching, and outreach agendas? How can faculty evaluation be improved? And, of

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course, how can faculty meet administration's charge to do more with less in budget-strapped times? (They can't!—as Bruce so deftly explains.)

Throughout his thirty-plus-year university career, Bruce has brought not only ability and training, but also passion and compassion to his teaching, research, and administration. His peers have recognized these attributes—and the resulting benefits to his universities and beyond—with numerous administrative assignments, research and teaching awards, and the highest leadership positions within his profession. Here's how some of those peers view Bruce's contributions to better university administration:

Your papers and our conversations about universities and the proper role of academic administration have influenced my thinking—both as a faculty member and as a departmental chair—more so than any other person.

—Richard Shumway, past president and fellow of the American Agricultural Economics Association and immediate past head of department at Washington State University

Your ability and willingness to apply basic economic principles in thinking about our own academic enterprise is skillful and refreshing.

—Marc Johnson, dean of Agricultural Sciences, Colorado State University and past head of department at Kansas State University

In my opinion, Beattie is perhaps the best active writer and economic story teller in our profession.

—Lyle Schertz, founding editor of Choices magazine, the primary outreach activity of the American Agricultural Economics Association, and fellow of the AAEA

And,

Bruce Beattie is uniquely qualified to comment on the current state of affairs in our profession. He has been a faculty member of a least five different departments of economics and/or agricultural economics, and has been head or chair of two of them. He has, in recent years, devoted an increasing share of his time to thinking about—and writing about—educational policy in land-grant universities. He has been president of the American Agricultural Economics Association and the Western Agricultural Economics Association. He is an administrator of some dexterity I have been told, and he is—coming from Montana, necessarily so—plainspoken. We enjoyed his

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lecture (one of the papers reprinted here) when it was presented to us in Madison, and I commend it now to your reading. You will not, I expect, agree with all of it. But you will, henceforth, certainly think about these matters more clearly.

—Dan Bromley, more than once departmental head at the University of Wisconsin, long-time editor of Land Economics, and fellow of the American Agricultural Economics Association

Read these *messages* with high expectations that you will gain helpful insight into better administration and enjoy a chuckle here and there. If you are an administrator, don your thick skin before partaking! It is indeed a great pleasure to introduce this unique and penetrating collection from a treasured friend and colleague.

—Harry Ayer





Acknowledgments



The ideas conveyed in this volume are due, in part, to the influence and writings of many economists, several of whom are former colleagues and personal friends. Prominent in my memory are Terry Anderson, Harry Ayer, Dan Bromley, Oscar Burt, Emery Castle, Ken Farrell, Al Halter, Dennis Henderson, Jimmye Hillman, Marc Johnson, Warren Johnston, Jeff LaFrance, Dan Padberg, Ed Schuh, Richard Shumway, Richard Stroup, Bob Taylor, and, especially, Myles Watts. For all these people, the usual caveat applies—and with force, for none of them except Ayer, LaFrance, and Watts ever had an opportunity to see any of the papers prior to publication. Thus, unfortunately for the author, none of these people can be held accountable for misinterpretation of, or injury caused to, their otherwise good idea(s). It would be correct to presume that not everyone mentioned would like to be associated with all (or most) of what I have to say in these papers. At least a couple have said so in no uncertain terms. Notwithstanding, my thinking about these matters has been importantly influenced by all the aforementioned.

Appreciation is extended to my department head, Alan Ker, for encouraging me in this effort and for providing staff time and funding support to bring this effort to fruition. I thank my good friend

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and colleague Harry Ayer for kindly writing a far too gracious foreword. And, lastly, the superb editing, formatting, and layout work of Nancy Bannister is greatly appreciated. Her gentle and disarming way of correcting my “occasional” misuse/abuse of the English language is always a kick.





Prologue



Over the years, I have had the good fortune to serve as department head/chair at two different universities and as president of three professional associations. So in choosing the subtitle for this book I took the liberty of claiming status as a former administrative “insider.” Some—university deans, provosts, and presidents—may rightfully take exception. While it is undoubtedly the case that such folks are university administrators, it is not always clear how to characterize department chairs who simultaneously perform in a faculty role. I claim to know something about the characteristics of a good department chair. While never having been a dean, provost, or president, I have nevertheless not been hesitant about expressing my perception of their motivation and behavior (both good and bad). Nor has my lack of high-level administrative experience tempered my enthusiasm and willingness to comment on how universities ought to be organized and what ought and ought not be valued and rewarded. Despite these fairly important caveats, my hope is that you will find this collection of papers interesting, provocative, sometimes insightful, and, if nothing else, fun to read.

The main purpose of this prologue is to provide a bit of context for each of the six papers and to summarize the main point(s) of each. In a couple of instances, I offer clarifying comment where I may



have been too vague in the original and/or how my view may have changed slightly with the passage of time and the graying of my hair. The papers appear in the order in which they were written.

The first paper, “Ten Commandments for Agricultural Economics (and Perhaps Other) Administrators,” was far and away the most widely read of any paper that I’ve authored. It was written and published in 1983. At the time I was serving as head of the Department of Agricultural Economics and Economics at Montana State University. The president of the Western Agricultural Economics Association (WAEA) and others were troubled about the emerging problem of waning support for higher education. I was asked to prepare a plenary session paper on the topic for the annual meeting. The paper characterizes the economic problem of an academic department along the lines of the budget-constrained-output/revenue-maximization problem commonly taught in undergraduate production economics classes, and it argues that the fundamental strategy (rule) for optimization is invariant to budget stress. Faculty seemed to especially like the “ten commandments” for the behavior of good administrators. If I were to rewrite the paper for today’s environment, the only change I would make (and ever so slightly) would be with regard to the handling of indirect cost recovery from grants and contracts. Nowadays, unlike the late 1970s and early 1980s, many university departments literally live off of grant and contract funding, including indirect cost recovery, for their day-to-day operations. My recommendation that *all* departmental indirect cost recovery be returned to the principal investigators from whose projects it was derived might be softened a bit to better fit today’s environment.

The second paper, co-authored with my good friend and colleague Myles Watts, appeared four years after the first—in 1987. Watts was a former student of the incoming president of the WAEA. There had been a couple of papers, written by agricultural economists, circulating throughout the profession and extensively among higher-level administrators of the greater land-grant university community. Those papers, along with a popular report of the Carnegie Foundation for the Advancement of Teaching (“Scholarship Reconsidered” by Ernest Boyer), were being widely applauded and cited

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by virtually all land-grant university administrators from assistant/associate deans on up. Among other things, the existing culture of academia with its considerable emphasis on scholarly research and alleged undervaluation of teaching and service (to the needs of the taxpaying stakeholders) was under considerable challenge. The WAEA president-elect had reservations, in particular regarding whether recommended greater agenda-setting authority and control in the hands of administrators was a good idea. And he knew two people (relatively young and inexperienced) who might be foolish enough to complain publicly. It was in this paper, “The Proper Preeminent Role of Parent Disciplines and Learned Societies in Setting the Agenda at Land-Grant Universities,” that Watts and I first espoused the non-conventional idea that instead of three separate missions (teaching, research, and outreach/extension), it made more sense to think of land-grant universities as having only one mission, namely teaching, and that research and outreach were part and parcel of teaching. Most faculty liked what we had to say. Some deans and higher-level administrators did not. I still like the paper—all of it.

“Some Almost-Ideal Remedies for Healing Land-Grant Universities,” my presidential address to the American Agricultural Economics Association, was presented and published in 1991. At that point I was picking up steam. Feedback on the two earlier papers from agricultural economist peers had been more positive than negative, so I decided what better forum than the annual meeting of my national professional association to “let ‘er rip”! No need to hold back; no need to offer only modest and timid recommendations for reform. It would be my biggest audience and likely a last opportunity. The main theme was to put forth ideas to sharpen university focus, to reduce and streamline administrative overburden, to simplify and clean up faculty merit evaluation processes, and to defend rigorous promotion and tenure standards with research creativity as the dominant consideration. Following my presentation, I overheard one detractor comment to the effect: “I sure don’t agree with much of what Beattie had to say. But I must admit he said it well and interestingly. My greatest worry is that he might be listened to in some quarters.” I took that as a compliment.

A perk of being president of any organization, academic professional societies being no exception, is the opportunity to write regular columns for the member newsletter. That was the occasion of “North American Studies, Wet Land Institutes, and Centers for Policy Reform: Academic Albatrosses or Panaceas?” This brief paper argues, counter-intuitively, that good times (flush budgets) are not always good for universities. It is during good times that a lot of new, less-than-essential programs get established in the form of centers, interdisciplinary institutes, and various topical “studies” emphasis areas and degrees. Once established, these things gain a life of their own and a claim on university resources, making the burden on core disciplines and programs of the university all the more difficult when the bad times come. I made a few enemies with this paper—especially among the interdisciplinary priests, which certainly is not limited to but includes virtually every university administrator. Upward mobility in university administration requires that one be in favor of interdisciplinary knowledge and pursuits. It is deeply embedded in academic culture. Why, I am not sure, but it is nevertheless.

In 1995, I was invited to give the Hibbard Memorial Lecture at the University of Wisconsin. I was asked to talk about “the emerging crisis in American higher education in general, and the land-grant universities in particular.” Not knowing as much about that topic as some may have supposed, I decided to talk instead about what was of interest to me at the time—a standard professor prerogative. I was intrigued with the literature and ideas of the body of economic theory having to do with bureaucratic behavior and decision making in the public sector. I had as much fun researching and writing “Bureaucratic Behavior and Rent Seeking in the Ivory Tower (Including Agricultural Economics)” as any paper I have ever written. The paper characterizes universities, university administrators, academic departments, department heads, and faculty as entities and individual actors in a bureaucratic setting. Rent seeking behavior of university agents, from faculty to presidents, is a prominent theme. Specific examples of negative-sum rent seeking behavior in the academy are offered—most in a light-hearted, albeit realistic, vein.

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The last paper appeared in print only recently (2003)—in the semi-annual outreach publication of my department. The paper was written for a general audience and principally for folks in the private sector—both consuming households and business firms (small and large) and their managers. That notwithstanding, “On Doing More With Less: A Doubtful Proposition” is, I think, as relevant for universities and their leaders as for the private sector. The commonplace idea of “doing more with less” is espoused as often in academic circles as elsewhere. While the framework of the paper, that of a profit-maximizing firm, obviously does not fit the university environment, I am guessing the main ideas apply nonetheless.

During my years as a department head, I would feel compelled on occasion to write a memorandum in an effort to “straighten out” our/my dean. I found it useful to preface those memos with something along the lines: “Best consumed following a couple of martinis!” If that suits, I highly recommend.



Reference

Boyer, E.L. *Scholarship Reconsidered: Priorities of the Professoriate*. Princeton, N.J.: Carnegie Foundation for the Advancement of Teaching, 1990.



Ten Commandments for Agricultural Economics (and Perhaps Other) Administrators



Periods of budget stress in our universities accentuate the notion that something must be done to relieve the pressure lest our universities be forced to reduce the quantity and/or quality of their output. Faculty members get restless; university administrators get nervous. In short, everyone in and around the university, understandably and perhaps appropriately, gets uptight. Professional association presidents may even organize sessions at their association annual meeting to discuss the issue, which was the occasion that prompted the thoughts giving rise to this paper.

Certainly it is generally perceived that these are times of greater than usual budget stress for agricultural economics and for university and research/educational institutions generally. Stanton and Farrell, at the 1981 annual meeting of AAEEA, provided empirical evidence suggesting that the perception is well founded. Taking this perception as given, it seems appropriate to consider how department heads (chairs) might lower the level of tension and foster continued departmental productivity in the face of budget stress.

Specifically, the paper begins by proposing that whatever our view of the degree of budget stress and its rate and direction of change, the optimal decision rules—strategies or management principles if you prefer—for sustaining/enhancing/maximizing depart-

mental productivity in agricultural economics research, teaching/advising, and extension are the same irrespective of the budget level. Since some people believe that department heads to some degree can influence, at least in the short run, the degree of budget stress and its consequences, the “management principles” are presumptuously offered in the form of ten commandments for guiding department head behavior in response to budget stress and competition. Perhaps some of the commandments may even be relevant for deans, directors, academic vice-presidents, and, perish the thought, faculty.

A Proposition

As intimated by Stanton and Farrell, for us economists, dealing with budget stress is hardly a challenge—after all, it is our business to “...teach students [both on and off campus] about economic decision rules for allocating scarce resources among competing ends. The political environment requires that we take our classroom lessons seriously and put them into practice in our own operations” (p. 796). Although this author is probably less optimistic than Stanton and Farrell about how useful that which we teach is in providing insight and direction to academic departments in pursuit of excellence in teaching, research, and service, the challenge seems apropos. Toward that end, the following proposition is offered as a point of departure.

Proposition: The management strategy and philosophy for successful university agricultural economics departments is the same whether budgets are stressed only slightly or severely.

To motivate the proposition, an analogy from the theory of the firm is perhaps useful. A university department, like a multiproduct firm, must choose an output combination subject to a set of constraints. For the revenue maximizing firm,¹ the solution

¹ Revenue, rather than profit, maximization was chosen because it is closer to being a reasonable objective for a university department than is profit maximization, although neither is appropriate.

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to this problem is an output-expansion-path. If the constraint or constraints are tightened, the optimization rule does not change although the optimal solution does. That is, the rule or strategy in either case is to operate on the output-expansion-path.

The analogy is admittedly weak because there is little, other than perhaps a fundamental belief in self-interest and optimization, that is transferable from the theory of the firm to the theory of bureaucratic behavior. Nevertheless, the point is simply that we do not necessarily look for a new decision rule or strategy given relatively greater budget stress. Rather, budget stress more likely merely heightens the need to know what we are about and to diligently pursue a strategy.

Accordingly, the following ten commandments are offered to agricultural economics department heads faced with budget and other stresses. Because the fundamental truth of the above proposition is open to question, the commandments, or strategies, deal more with administrative philosophy than with specific procedures for optimization under budget stress. Those seeking the latter will be disappointed.

Ten Commandments for Department Heads

Commandment 1: Remember to distinguish between inputs and outputs. The only socially beneficial products of a university are teaching/advising, research, and outreach/extension.² We must remember to reward and otherwise encourage only those faculty activities that are socially beneficial, i.e., to reward output, not input.

A few examples should help clarify what is meant here and why it is important. Perhaps the best example is so-called university service (i.e., on-campus committee work). University service is a transaction cost, not a socially beneficial output. Of course, it goes with-

² The terms teaching/advising, research, and outreach/extension are used here in the context of output rather than process. Presume for convenience that there are valid measures of output associated with each of these three principal areas of faculty activity.

out saying that transaction costs are to be minimized, not rewarded, if our objective is to maximize the net social value of our activity.

A second example of a non-output is professional development. Professional development is an investment in faculty human capital. While it is no doubt desirable to maintain or increase one's capital stock, this too must be kept in perspective—it is a means to an end, not an end in itself. Grantsmanship also falls into this category.

Finally, how many faculty evaluation forms that you have seen ask for information concerning “creative” teaching or extension methods used by the professor? Remember, a method or procedure is *not an output!* If the creative method works, then we should expect an improvement in the performance measures used to evaluate teaching or extension output.

Commandment 2: Always remember that *everything* relevant and beneficial (productive) in the university, i.e., in teaching, research, and outreach, occurs at the most micro level because of the imagination, creativity, drive/desire, and intellectual horsepower of the individual faculty member. Thus, the successful administrator will put the needs and desires of the faculty first, for only they can make you look good. Lack of attention to these needs and details can turn an otherwise supportive faculty member into a “genuine pain in the posterior.”

Remember that administration produces nothing in and of itself—it is *not* a socially beneficial output. Accordingly, the role of the administrator must be principally as a facilitator. Among other things, administrators must (a) fight against the institutionalization of perverse incentives, (b) filter out the noise in the information/signaling process, and (c) minimize transactions costs—not only those imposed by upper-level administration, but those that the faculty may wish to impose on themselves or, more likely, on “other” faculty members.

Faculty time is the scarcest of all scarce resources over which a department head can exert some influence. Therefore, eliminate all standing departmental committees except for the Graduate Admissions and Assistantship Committee and the Promotion, Tenure, and Merit Evaluation Committee. All other departmental committees should be ad hoc and used sparingly. Talk hard to your dean

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and Station and Extension directors, encouraging similar action. For example, does anyone know of anything with a B/C ratio greater than unity that came out of a College of Agriculture Internship Review Committee or Teaching Improvement Committee, an Agricultural Experiment Station Project Review Committee, or an Extension Service Program Planning and Review Committee?

Resort to faculty meetings only when all possible other avenues of communication and decision making have been exhausted. Finally, divert at least two-thirds of the material directed to the faculty through you into that large round receptacle at the edge of your desk—no matter the source or how important they claim it to be.

Commandment 3: Strive always to hire the best human talent possible, for it is that which is scarce. Never settle for less than the best possible talent you can attract, even if it means running the risk of losing a position. In other words, be patient in filling positions if the best talent is not immediately available. Nothing is less relevant than a mediocre effort by mediocre minds addressing so-called relevant social problems.

Accordingly, resist the temptation to slot-hire. The greater the “stress” the more important it is to hire quality people. Quality is always more important than “covering bases” and will get you in much less trouble in the long run.

Hire at the associate or full professor rank every time you can lever the higher administration into such an authorization. Significant and valuable additional information is available at modest additional cost (wage) by hiring individuals with three to five or six years of post-Ph.D. experience. A few years of track record is about the only effective way to assess those most important intangibles, viz., desire to achieve and genuine interest in economics and the profession.

Commandment 4: Do not service short-term transitional teaching and extension demand by increasing the workload of continuing faculty. In Commandment 3, it was argued that we should never settle for less than the best in hiring new faculty (subject to wage constraints) and that patience should prevail. If this strategy is followed, there will be considerable pressure to meet interim teaching and extension demands; this is true also of short-term vacancies resulting from sabbatical and other leaves.

Cover such interim teaching and extension demand with temporary (non-tenure stream) people, using salary savings. If the dean, director, and/or vice-president will not allow the use of salary savings for this purpose, tell him or her that the department will cancel the course, and then have the will to make it stick. Again, do *not* service short-run transitional demand by increasing the workload of faculty on hand. There will always be short-term transitional “crises.” A series of short-term problems can, and likely will, add up to a long-term serious problem and permanent understaffing if increasing faculty workloads is followed as a “short-term” strategy.

Related to the method of servicing transitional teaching demand is the Stanton-Farrell hypothesis that research, more specifically experiment station, FTE has been diverted (“borrowed”—to use their term) to service teaching demands. In the case of agricultural economics at Montana State, it seems clear that the Stanton-Farrell hypothesis is true, although we are working hard to halt if not reverse the “borrowing” phenomenon. In pursuit of this reversal, we never use the terms “instructional or teaching dollars and FTE” and “research dollars and FTE.” Instead, we opt for the adjectives “college” and “station”; and we insist that it is as appropriate to use college dollars and FTE for research in agriculture as it is in those departments outside the College of Agriculture. Rumor has it that many if not all of the top academic departments at MSU outside of agriculture use college (instructional, if you insist) dollars and FTE in support of creative activity that is not directly related to classroom instruction. Yet in agriculture that would be considered the ultimate sin. This unidirectional sense of morality in our colleges of agriculture has always been a puzzlement to me.

Commandment 5: Make the difficult negative decision on granting of tenure. This decision may be even more important than who you hire—certainly it is more painful. Do not opt for a strategy of passing along a difficult case in the hope that a “positive” departmental recommendation will be reversed at higher levels. That is at best risky and certainly a neglect of duty. In periods of severe budget stress nationally, the pool of available talent of good quality should tend to grow, at least in the short run, making a questionable tenure decision look all the more questionable. To make

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difficult tenure decisions is one of the reasons that department heads are so well paid.

Commandment 6: Remember that incentives matter—in universities as well as in the “real world.” Never forget that the marketplace for agricultural economists (especially good ones) is national in scope. One must be prepared to reward those attributes that are in greatest demand in that market. (More on this under Commandment 7.)

Be alert to every opportunity to hustle additional (more than “the department’s fair share”) salary money for the faculty from the dean and/or academic vice-president. Always hire new people at the highest possible salary (within reason) rather than the lowest amount that will “catch” the candidate. This will save you headaches later, when you have to try to make equity, promotion, and merit salary adjustments out of a fixed pool of salary-increment money—a thorny problem.

Use caution in trying to motivate marginal or submarginal tenured faculty to look for alternative employment. Often, the result of such efforts is to create a major problem, with significant negative externalities, out of what was merely an annoyance. It is often better to try to make “the best out of a bad situation” by encouraging marginal improvement than to run the high risk of turning a weak faculty member permanently sour. Frequently, marginal producers earn in excess not only of their MVP in their present position (your problem), but also of their opportunity wage. In such cases, attempt to encourage resignation by negative incentives is almost certain to fail. Remember that reducing net social cost is every bit as valuable as increasing net social benefit.

Finally, do not underestimate the power of both public and private praise and appreciation—especially when monetary rewards are unavailable or meager. Be alert to every opportunity to call to the attention of all appropriate audiences the quality performance of your faculty.

Commandment 7: Do not apologize to the dean for faculty members who work on “esoteric” things and who write mainly, if not exclusively, for their peers. These are the faculty that are working at the frontiers of our profession. After all, there are three clients

for our teaching—resident students, off-campus clientele, *and* on-and-off-campus peers. Such faculty are the lifeblood of our profession. Thus, they are also the lifeblood of our teaching, applied research, and outreach mission—certainly in the long term if not the short term. It is for good reason that such individuals are generally at the upper end of the salary schedule and in the greatest demand by competing institutions. A good department head must never tire of (in fact, should look forward to) defending the salary of such individuals, even to the most “applied-oriented” of deans and directors.

Commandment 8: Remember that no one—most of all an administrator—has a monopoly on the most interesting and important teaching, research, and extension methods, topics, and agenda. Some of us may have reservations about the efficiency of perfect competition and market solutions *vis-à-vis* social welfare generally. However, no one should doubt the efficacy of freedom, competition, and producer sovereignty in the area of science, scholarship, and communication or education. The process must remain as decentralized, unregulated, unsupervised, and *uncoordinated* as possible.³ Surely, *laissez-faire* is the superior operational model in the sphere of teaching, research, and scholarship, as with most endeavors that rely importantly on individual creativity.

Commandment 9: Thou shalt not covet, let alone touch, thy faculty members’ grant monies, including indirect cost recovery. And do not take the initiative to reduce the hard-money support for successful grantsmen. Rather, be prepared to be a grateful beneficiary of that which the principal investigator sees fit to direct toward general departmental needs and/or specific peers.

³ Coordination is truly a dangerous concept, especially its operational form, as all freshman assistant professors soon learn. No telling how many resources have been wasted and how much creativity destroyed by efforts to “coordinate” teaching, research, and/or extension activity in order to “avoid duplication” and to “ensure that all bases are covered” (comprehensiveness). While on this diversion, the concept of comprehensiveness or breadth is also an favorite of the author. A generally forgotten phenomenon among university types is that given a fixed flow of resources, increased breadth is inextricably tied to increased shallowness!

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Many an otherwise successful department head has violated this commandment, much to his later detriment if not chagrin. It is a definite and universal NO-NO—severe budget stress notwithstanding!

Commandment 10: Thou shalt not ever believe you are indispensable. There is always at least one replacement waiting in the wings that can surely perform the role of department head better than “yours truly.”

A Parting Thought

Despite severe resource constraints and institutional rigidities in many of our western land-grant universities, there is reason to be optimistic about the future. The quality of the people in our profession—their analytical ability, their desire to succeed, and their commitment to teaching, research, and extension—seems not to have diminished but rather to have improved (at least on the average). We have only to realize that we do not have to be big to be good; that, if push comes to shove and we have the will, we can control (limit) the demand for our services in order to maintain or increase the quality of that which we do; and that, in the final analysis, a fundamental component, if not *the* driving force, of everything of social interest is economics.

Times for economists are not all that bad. Furthermore, it seems plausible that our opportunity set and support will improve if we are unwavering and uncompromising in our pursuit of quality in agricultural economics teaching, research, and extension.



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Stanton, B.F., and K.R. Farrell. “Funding for Agricultural Economics: Needs and Strategies for the 1980s.” *American Journal of Agricultural Economics* 63(December 1981): 796–805.



The Proper Preeminent Role of Parent Disciplines and Learned Societies in Setting the Agenda at Land-Grant Universities

Co-Author: Myles J. Watts



In preparing this paper we were torn between two titles: the one chosen or “Revitalizing Land-Grant Universities: A Second Opinion,” taking off on Ed Schuh’s (1986) important and widely read paper published in *Choices*. This particular title was chosen because it is descriptive and expresses our biases rather clearly. We do not share the view of a number of eminent agricultural economists that our land-grant universities have “lost their way”; we believe it is appropriate that academic administrators (including those at land-grant universities) have by and large deferred to the parent disciplines and professional academic associations in calling the tune on the “appropriate search for academic excellence,” criteria for promotion and tenure, and thus indirectly the academic agenda.

While it is not our intention to provide a critique of Schuh’s paper, it is nevertheless important to review the main themes put forth by Schuh to place our thoughts in proper context. In so doing we also draw significantly from James Bonnen’s 1986 AAEEA Fellows Address. Following this brief review of the “revitalization appeal and proposals” of Schuh and Bonnen, we narrow the focus more specifically to the idea that, rather than being a problem, the evolving basic disciplinary and peer-driven orientation of contemporary land-grant universities, and agricultural economics in par-

ticular, is positive and more likely to be in society's and our own self-interest than a more administratively/clientele/social-problem driven system.

Review of Revitalization Proposal

Perhaps the most efficient way to summarize the main points of the revitalization proposals of Schuh, and to a lesser extent Bonnen, is to pull excerpts directly from their papers. Direct quotation is intended to minimize biases and misinterpretation on our part, but it clearly has the disadvantage of taking ideas out of context.

Schuh (1986) begins emphatically:

The land-grant universities have lost their way. Faculties have become introverted in their disciplines... A strong bent to a disciplinary orientation seems to be eroding allegiance to the land-grant concept. For large parts of the university the land-grant concept is completely alien (p. 6).

Schuh continues:

Several symptoms tell me that there is a serious malaise. Most prominent is the pervasive attitude in our land-grant universities that applied work is not important; publishing for professional peers and consulting for the highest paying firm or government agency are the priority tasks... [Historically] staff members were rewarded as they contributed to the solution of society's problems. In contrast, today the criteria for promotion is publishing in scholarly journals. In turn people are self- and peer-oriented. They do not feel a responsibility to contribute to the institutional mission of solving society's problems (p. 6).

Serious stuff; accusations that are perhaps worthy of rebuttal or empirical test, although we shall not.

Challenges are offered by Schuh:

The basic challenge of today's land-grant university is to bridge the gap between society's current problems and the frontiers of knowledge. ... While we must be involved in the frontier of knowledge, we must not abandon today's problems. To meet this challenge presidents, deans, and faculty must reestablish a mission orientation into our land-grant universities. They must revitalize the tripartite mission of teaching, research, and extension. This needs to be done across the

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university in both teaching and research. Everyone needs to recover a sense of institutional mission, to mobilize their considerable on-board resources to devise solutions for the pressing problems of our society (p. 7).

Finally, Schuh suggests six corrective prescriptions (tasks), one of which is particularly germane to our topic today. He encourages us in the land-grant universities to “give university administrators more authority” presumably to direct the university agenda. As will become clear later, we feel uncomfortable with the substance of this recommendation, while, in the main, we agree with a number of Schuh’s other suggested tasks.

In his recent AAEA fellows address, James Bonnen lends support to a number of Schuh’s themes. Again quoting out of context, Bonnen (1986) states:

Other colleges of agriculture, many land-grant universities, and some agricultural professional associations have absorbed as their ideal the academic science establishment’s focus on disciplinary research. Their “search for academic excellence” is denaturing the land-grant tradition of problem solving and service to all people, irrespective of wealth or position. A near-exclusive focus on basic discipline depreciates applied, multidisciplinary research, denies admission of problem solvers and prescriptive analysis to the academic pantheon, and turns good land-grant universities into second-rate, private academies. Such an environment destroys the basis for effective extension education and problem solving and lowers the potential productivity of any agricultural science investment (p. 1076).

Turning to agricultural economics in particular, Bonnen suggests:

Since World War II agricultural economics has been drifting toward an antiempirical and a disciplinary outlook, away from the great empirical tradition around which the profession was built and upon which its reputation still rests. Today we celebrate theory and statistical methods while ignoring the data collection and problem solving necessary to validate our theory and models... The search for “academic excellence” in agricultural economics...places excessive or sole emphasis on rewarding the development of disciplinary knowledge almost to the exclusion of the development of subject-matter and problem-solving knowledge, both of which are essential outputs of an effective agricultural economics department.

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Thus, a badly flawed notion of what agricultural economics is about is leading to incentive structures for tenure and promotion, penalizing those who do empirical work or who would spend large parts of their lives in applied, problem-solving and subject-matter research, without significant disciplinary contribution (p. 1078).

And finally, Bonnen comments that, "...as Schuh has pointed out, the value structures and behavior pursued today in many land-grant universities and their colleges of agriculture suggest that the land-grant idea is being abandoned" (p. 1066).

So there we have it: many of our land-grant universities, including their colleges of agriculture and agricultural economics departments, have "blown it." We have sold out to the expediency of letting the basic academic disciplines and learned societies call the tune, we have become peer- and self-oriented, and we have succumbed to celebration of the false god of theory and statistical method. In short, we have lost our way and are of considerably less social value than we might be, and surely once were.

While we have admittedly and purposively overdrawn and dramatized the positions of Schuh and Bonnen as we interpret them, we nevertheless believe (and fear) that this position enjoys considerable sympathy among many agricultural economists, college of agriculture faculty generally, and agricultural teaching, research, and extension administrators. In juxtaposition to the Schuh-Bonnen view, we assert that the drift toward greater emphasis on basic disciplinary training and research and greater reliance on peer review and learned societies in setting standards of excellence and the academic agenda has been healthy for colleges of agriculture and for agricultural economics in particular. And this disciplinary focus is crucial for a continuing, if not greater, role for colleges of agriculture and land-grant universities in serving the needs of society in teaching, applied research, and extension. The decentralized agenda setting of the parent disciplines and learned societies has greater long-term potential to serve social needs and contribute to the solution of problems, thus fulfilling the land-grant mission, than do politically/administratively determined and directed processes. We turn now to the development of this alternative view.

What Is a University Professor?

An appropriate place to begin is with some thoughts about what it means to be a university professor. First, we offer the perhaps startling proposition that there are not three functions of a land-grant university as popularly believed and touted. Rather there is but one function—teaching. Whether one’s position is funded principally from university or instructional dollars, from extension or from experiment station funds, all university faculty, i.e., professors, are first and foremost teachers. Perhaps this needs a bit of explanation. None of us presumably have difficulty casting those professors with resident teaching responsibilities as teachers; hopefully not many have difficulty with the idea that extension faculty are also teachers, in this case their students being off campus.

But why is it that we argue that those faculty with principally experiment station appointments should be thought of as fulfilling a teaching function? In our view the purpose of research conducted by a university faculty member, be he or she on college, station, or extension appointment, is to convey the knowledge, ideas, and principles gained thereby to others—resident students, off-campus students (sometimes called clientele), and/or peers. Yes, our peers are also our students, and we theirs.¹

Thinking of all land-grant university faculty, be they funded from instructional, station, or extension budgets, as university professor-teachers would be a useful first step in placing all college of agriculture faculty on equal footing, affording all full-fledged membership

¹ We owe this thought to the late Professor Albert Halter. A reviewer commented that our subsuming the traditional tripartite mission definition under a single title, university professor-teacher, is not helpful. We disagree. While it is from time to time convenient to think in terms of the separate functions of teaching, research, and extension, we firmly believe that more damage is done to effective program (output/service) delivery in most colleges of agriculture than is gained by maintaining the “separate” function mindset. The concept of wholeness of the ideal university professor role is what we wish to emphasize. In our view it is crucial to the future of our colleges of agriculture, and in particular their extension components, that the matter of scholarly and scientific inquiry become implicit in the thinking and assumed job description of each and every faculty member (including administrators).

on the faculty and in their respective professions. As a final point here, we do not accept the oft-stated role for extension as being disseminators of solutions to problems or of experiment station scientists as being discoverers of solutions to clientele or social problems. Such a view is not in keeping with our idea of what it means to be a university professor or educator.² Our argument, that we are not discoverers and disseminators of solutions per se, seems even more compelling for a social scientist, given the fundamentally non-Pareto social choices that economists are so often called upon to investigate.

Viewing all university faculty as professor-teachers has implications for our special role in society and obligation to those who pay the bill. In particular, we in the colleges of agriculture must abandon the atypical and nonsense view that research, scholarly, and creative activity is expected and deemed socially responsible behavior only for those with a formal research, i.e., experiment station, appointment. Nothing could be more foreign to the concept of a university professor. If college of agriculture “teaching and extension” faculty are to be afforded full rights, privileges, and recognition within our academic institutions, then we and our administrators (perhaps especially our administrators) must come to understand and appreciate the fact that scholarly/creative activity (research, if you will) is a necessary and built-in part of our job descriptions even if we are budgeted 100 percent college or 100 percent extension. Not having a formal experiment station appointment is not an excuse for a physicist, an historian, or a general economist to avoid scholarly research and publication, and neither is it an excuse for an agricultural economist or plant scientist. The rest of the university expects it, will demand it, and for good reason. One cannot be a university professor and avoid scholarly activity (research). The latter is necessary for the former. Furthermore, we assert that the integrality of research to a university professor’s role is understood even outside of academia (among the taxpaying public) and is even reflected in commonly accepted definitions of a university.

² In this connection we wholeheartedly endorse Schuh’s (1987) call for more teaching on the part of extension and less one-on-one technical assistance in a pure service role.

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If for no other reason, scholarly research is essential for human capital preservation and growth. Nothing is of less social value than teaching, applied research, or extension on so-called relevant and crucial social problems, but taught, researched, or extended by those whose human capital has long since been depleted or never was what it should have been in the first place.

In his discussion of Knutson's 1986 AAEA address on "Restructuring Agricultural Economics Extension to Meet Changing Needs," Libby (1986) suggested that,

Extenders must invest in the search for useful knowledge, just as most land-grant researchers should spend their time on topics that make a difference to somebody. ... Extension is an integral part of the intellectual capital of departments of agricultural economics, not just as deliverers of research results *but as contributors to the stock of knowledge* [emphasis added] (p. 1313).

Johnson (1987), in a presentation to the Western Agricultural Economics Council, echoes Libby's concern by calling for "deeper disciplinary training for extension specialists and more applied research as part of extension program and material development" (p. 1). Johnson (1985) comments elsewhere that, "all university faculty are promoted and given other rewards for maintaining their disciplinary potential by keeping up with journal publications, practicing disciplinary inquiry and publishing results" (p. 6). If all of this is true for university professors with extension appointments, then it surely is true for so-called teaching/research types as well. Research results that are not committed to paper, or otherwise conveyed to our students (again, broadly defined), is research undone; and society has assuredly been "ripped off" if such happens often.

Peer-Reviewed Journals and Applied Research

Having argued that research is integral to every university professor's job description, we next attempt to debunk what we consider to be a particularly debilitating notion that publishing in peer-reviewed journals is antithetical to what Bonnen calls subject-matter and problem-solving research. In so doing we will focus exclusively on agricultural economics.

Frankly, we find it somewhat amazing that some eminent agricultural economists would seem to suggest that publication in the *American Journal of Agricultural Economics*, the *Western Journal of Agricultural Economics*, the *North Central Journal of Agricultural Economics*, the *Southern Journal of Agricultural Economics*, *Land Economics*, *Water Resources Research*, the *Journal of Farm Managers and Rural Appraisers*, *Agribusiness*, *Agricultural Finance Review*, the *Journal of Production Agriculture*, and so on, is not to be involved in applied, subject-matter, or problem-focused research or activity. How can one read these journals and conclude that their orientation and content is exclusively, or even mainly, original, basic, disciplinary research? The editorial policy statements in every one of these journals suggest otherwise; virtually every editor's pronouncement we can recall suggests otherwise; and, more important, a perusal of the contents of these journals surely suggests otherwise.³

The bottom line is that the vast majority of those of us who call ourselves agricultural economists are engaged in applied rather than basic research; most of us are unlikely ever to produce what could legitimately be called a truly scholarly piece or a paper that would have profound or lasting impact on the evolution of economic thought or method. To be sure, it has become advantageous for our department heads (we know, we've been there) to convey a particular impression when arguing the case for promotion and tenure of agricultural economists at upper levels of the university review process. Such buzzwords as "scholarly," "seminal," "basic," and "excellence" are invaluable in effectively playing the academic game. But we should not let this administrative/bureaucratic expediency confuse us as to what we are in fact doing, what our comparative advantage is, or the social value of our work.

³ We also contend that much of the research of scientists in our parent disciplines is applied or concerned with "real world" problems. For example, the most recent issue of the *American Economic Review* [Volume 77, Number 3, June 1987 at the time of original publication] contains twelve articles plus Professor Buchanan's Nobel Prize lecture. Of those twelve articles, at least half have an applied focus and make little or no contribution to the main body of economic theory or quantitative methods.

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Surely, in the main, good work in teaching, research, and extension tends to be rewarded whether it is basic or applied or problem-focused or discipline-focused. We submit that a review of the salary structure at most land-grant universities would support this claim. Certain professors with strong track records of a discipline-focused nature are among the highest paid—as they should be and as the academic market dictates (Beattie 1983). However, the number of relatively high paid and highly regarded professors with problem-focused track records and modest or negligible disciplinary contributions is also significant, and not all of them are senior citizens that were recognized for their problem-focused contributions in a bygone era.

We hypothesize that this is not only true within our land-grant universities, but it is also true of our professional associations and learned societies. One needs only to review the list of fellows and past presidents of the AAEA to see that problem-focused and applied activities count, and count a lot. One needs only to review the past recipients and titles of the outstanding published research awards of the AAEA and WAEA to see that an applied and problem-focused orientation has its rewards. Finally, we reemphasize that one has only to read the broad array of peer-reviewed journals accessible to agricultural economists to conclude that problem orientation and applied work is rewarded. We have no doubt whatsoever that this is true not only in agricultural economics but throughout all college of agriculture professions and the academe generally. Do we seriously believe that all recently anointed full professors of physics, history, or economics in our land-grant and other U.S. universities have distinguished records in disciplinary research with little or no recognition of applied problem-focused activity? Let us not kid ourselves! Those of you who have served on university-level promotion and tenure review committees know better.

The Importance of Disciplinary Competence

The importance of disciplinary competence seems to us to be self-evident. Surely we would all agree that contemporary disciplinary competence is essential to the conduct of good applied research and

teaching, focused on relevant problems facing society. No doubt, where disagreement arises is in defining the minimally acceptable level of disciplinary competence for a university professor and the appropriate level of taxpayer dollars to invest in sustaining or enhancing the human capital of professors already in place. To put the issue in more specific terms, in an applied discipline like agricultural economics, do all or most of its professional participants need to be continuously at or near the “cutting edge” in terms of their capability? To us, at least, the answer is obvious: Those participants calling themselves university professors should strive to be on the frontier of knowledge of at least an appropriate disciplinary subfield. We do not naively believe that such a lofty goal is attainable, but that it should be the university’s goal is without question in our minds. Furthermore, contrary to popular perception, we expect that such is a goal for which one would find considerable support among the taxpaying public.

“Span[ning] the ever-widening gap between the frontier of knowledge and the problems of society” (p. 9), as called for by Schuh (1986), is not inconsistent with disciplinary competence or with being on the “cutting edge.” In fact, it is difficult to believe this gap could be spanned by someone who is not intimately familiar with the frontier of knowledge. In our view the best, perhaps only, way to “know the gap” is to be actively engaged in research, at least some of which must have a strong disciplinary component.

It may be that our land-grant universities, and our colleges of agriculture in particular, are devoting too many resources to disciplinary knowledge production *vis-à-vis* what we might call problem-solving activity. However, as argued earlier, the facts of the matter, in our view, do not support that allegation; rather, the problem with our colleges of agriculture, including the agricultural experiment stations and the extension services, is that we have been laggard in embracing a rigorous “cutting edge” ethos in the conduct of teaching, applied research, and extension activities. Only very recently have our colleges of agriculture generally been forced into the mainstream of university/professorial life through “upgraded” promotion and tenure criteria, scientific expectations, and such matters. In our estimation this bodes well, rather than dismally, for the future of our

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colleges of agriculture; we would be surprised if the overall competency and productivity of our agricultural faculty has not been enhanced in the process. If this is true, then surely it has positive implications for our prospects for doing truly relevant applied work.

Let us face it—our agricultural colleges historically have not been exactly bastions of intellectual leadership or academic and scientific productivity⁴ and, in our view, a rather relaxed promotion and tenure system and attitude in our colleges of agriculture contributed to the lack of productivity on the part of a good many college of agriculture faculty. The probability of less competent or less motivated faculty surviving today's tenure and promotion process seems more remote than was the case in our not distant past. The disciplinary prowess of new entrants into our tenured ranks—and, more important, their commitment to sustained scientific inquiry—has assuredly improved. How can such a situation be interpreted as inappropriate for our land-grant universities and the states they serve?

Administrative Versus Decentralized Agenda Setting

We come now to the point where we take rather direct exception to one of Schuh's suggested remedies for revitalization of our land-grant universities. Schuh (1986) suggests that administrators be given more authority *vis-à-vis* individual scientists and disciplinary peer associations in setting the academic agenda and regaining a sense of institutional mission. In separate letters to the editor (of *Choices*), both Bromley (1986) and Smith (1986) express their skepticism—a skepticism we share. In our view, academic agenda setting emphasizing peer-review and learned-society involvement better serves society's interests (broadly defined) than do administrative/political processes.

⁴ This comment certainly should not be interpreted as suggesting that our colleges of agriculture have been (or presently are) devoid of strong academician-scientists and university leaders. To be sure, a goodly number of outstanding individuals, including agricultural economists, have graced the halls of our land-grant universities over the years.

We, like Johnson (1985), hold to “the Hayekian notion that the totality of individuals holds more knowledge than a single central authority... [And that] program decisions are best decentralized so the full talents, interests and knowledge of the faculty can be revealed” (p. 5). To be sure, Schuh’s call was for only some degree of greater administrative authority at the margin. Nevertheless, we are not excited about even that kind of a prospect. There is a fundamental institutional/incentive problem, we fear, with significant administrative control of the academic agenda, especially for the artistic endeavor of research. The problem is that land-grant university administrators, especially directors of experiment stations, directors of extension services, deans of agriculture, and presidents, by the nature of their positions, spend far more time moving in clientele, legislative, and other fundamentally political circles than they do academic/scientific circles. There is opportunity, and we fear tendency, for these administrators to get too close to the pragmatic short-run interests of clientele groups and to drift away from the longer-run view and attitudes of the academic community.

The result, we suggest, is that the behavior and thought processes of these individuals often become more bureaucratic/political than academic/scientific. The outcome of bureaucratic positioning and budget-maximization behavior, including the usual requirements of political compromise, coalition building, etc., are not always consistent with the pursuit of scientific/academic progress, free inquiry, or for that matter, the social interest. It is indeed the exceptional agricultural college administrator (and surely there are some) that can successfully resist the political agenda setting that is brought to bear during the necessary conduct of their budget garnering and public relations functions.

In no way should this be viewed as a condemnation of the personalities, character, or motivations of our key university administrators. It is rather just an unfortunate fact of political/bureaucratic life and process. Accordingly, to turn very much of the academic enterprise over to administrators and away from individual faculty/scientists would be a grave mistake in our view. At the several universities with which we have been affiliated, the research and extension

agenda likely would have been in near-constant turmoil if administrators had in fact had the ability to call the tune. Would it really be a wise allocation of society's resources, for example, to have significant agricultural economics faculty talent devoted to the research of intrastate agricultural value-added (product enhancement) options? Does this have a familiar ring to most of you? We suggest that this would be a likely prospect for many agricultural economics departments in the United States today and for the next couple of years if Schuh's recommendation were taken seriously, just as "solving the farm financial crisis" would have been the activity the preceding couple of years. When the nonsense and futility of such effort on the part of social scientists is ultimately revealed through the hard reality of the marketplace and ultimately the political process, what would be the next agenda item of a clientele/political/ administrative articulated mission? Our land-grant universities have far too much to offer to risk such outcomes.

To be sure, self- and peer-driven agenda setting is not a perfect mechanism. It is the nature of any institutional arrangement that we be working continuously in a world of second-best. Individual scientists, peers, and learned societies occasionally take off on one particular kick or another, e.g., linear programming, dynamic programming, ARIMA processes, duality, welfare economics, natural resource economics, community development, international development, or maybe even macroeconomics. The list could go on and on. One person's or group's sense of a priority, relevant social contribution is another individual's or group's irrelevant disciplinary kick or worse yet, mere self- and peer-adulation.

The beauty of decentralized market-like processes is that if one group turns out to be wrong, then we can expect fairly rapid and orderly adjustment to market (peer and learned society) signals due to self-interest and self-preservation instincts. It is not clear that university administrators with their shorter-run bureaucratic tendencies would be as likely to take "appropriate" corrective action consistent with the broader social interest. As we know all too well from the public choice literature, reliance on the vision, motivations, and good intentions of well-educated bureaucrats does not often lead to optimal social outcomes.

Finally, who is to say what is important and what in the way of academic activity is going to yield the greatest social value—peer scientists and learned societies, clientele, legislators, or administrators? No doubt all are going to have something to say about it. The question is, have we drifted too far in letting the parent disciplines and learned societies set the agenda? We think not. We believe the present balance is preferable to a process involving greater administrative control and direction. We also are confident that the peer and learned society component of the academic agenda-setting process will in fact take corrective action if individual members, groups, or even an entire profession gets too far adrift.

Conclusion

In summary, we have attempted in this paper to make four main points:

(a) A distinguishing characteristic of all university professors ought to be a commitment to, and a requirement for, active participation in research in support of their principal function, teaching, be their students on-campus undergraduates or graduates, off-campus clientele, or professional peers.

(b) Contrary to popular opinion, rewards and recognition of university faculty, both on-campus and through their professional associations, clearly are not exclusively correlated with disciplinary prowess and contribution. Historically, including recent history, applied problem-focused teaching, research, and extension has been rewarded, especially in colleges of agriculture and including agricultural economics.

(c) The notion that all or even most recognized peer-reviewed journals are exclusively or mainly oriented to disciplinary research is malarkey.

(d) Reliance on individual faculty initiative and learned societies in academic agenda setting has greater promise for yielding timely, high-quality, problem-focused output, and thus contributing to the land-grant mission, than more administratively driven and dominated systems.

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To be sure, recent reminders that all may not be well in our land-grant universities provide serious food for thought. We do not wish to be interpreted as suggesting that everything is “hunky-dory” in contrast to the warnings of Schuh (1986) and Bonnen. However, it is our view that the prescriptive advice that we become less self- and peer-oriented, less disciplinary in our focus, and more administratively directed is bad medicine. While there may be a malaise, surely these are precisely the wrong medicines at the wrong time. The land-grant universities may need to become more problem oriented, but the appropriate way to go about it is not through a de-emphasis of parent disciplinary attention and greater administrative authority. Greater administrative leadership, characterized by a facilitative, encouraging attitude to enhance faculty human capital and productivity, may be called for, but that is decidedly different than the vesting of greater mission, programmatic, and directive authority in our university administrators.

The creative/artistic activity of teaching, including the discovery as well as dissemination dimensions, must remain as undirected, uncoordinated, intrapersonal, spontaneous, and free as possible. Effective university administration involves expertise in coaching, cheerleading, and cleaning the path of debris. Greater administrative authority in setting the academic agenda, identifying the mission, and providing programmatic direction are likely to be counterproductive to enhancing the long-run efficacy of the land-grant universities and their ability to contribute to the solution of relevant social problems.⁵

5 Two reviewers questioned whether the role we advocate for university administrators is a bit too limited. Again, we think not; but perhaps some amplification is in order. First, our views regarding administrative leadership in terms of coaching, cheerleading, and cleaning the path of debris is discussed in some detail in an earlier paper (Beattie 1983). The discerning reader will no doubt agree that doing these three jobs well represents near full and worthwhile employment in and of itself.

In a broader context, we believe that administrators have an extremely important role to play in determining the long-term quality of the university through their decisions and considerable power and influence in staffing, i.e., through the hiring, firing, and tenure and promotion process. One of the most important administrative functions is to improve the quality of weaker units. Administrators should lean heavily on learned society member input in evaluating the strength of

In discussing the proper role for our land-grant universities, many people seem fond of the idea of “going back” to some earlier time when we purportedly had a better sense of mission and when our work was allegedly of greater social value. We have always been somewhat uncomfortable with the historical approach in suggesting appropriate current thrust and orientation. Nevertheless, we did a little historical investigation of our own. Actually, that is not quite true; what we did was read *The Legacy: A Centennial History of the State Agricultural Experiment Stations, 1887–1987*, by Norwood Kerr. It is an interesting book; we recommend it highly. A couple of selected quotations from Kerr’s historical account provide a fitting conclusion for this paper.

Kerr notes that,

By 1887...fourteen states scattered over the nation had established agricultural experiment stations. In perhaps an equal number of other states, the land-grant colleges were engaged in the same types of activities on a less formal basis. ... Although their work was almost entirely practical, the station leaders aspired to more. As the nation’s first agricultural experiment station director, Wilbur O. Atwater, stated in the Connecticut station’s first annual report, “It has been felt from the first that *more abstract scientific investigations would afford not only the proper, but also the most widely and permanently useful work of an Agricultural Experiment Station*” [emphasis added] (p. 16).

And subsequently, as first director of the Office of Experiment Stations, U.S. Department of Agriculture, Atwater addressed the 1889 convention of the Association of American Agricultural Colleges and Experiment Stations. Kerr suggests that,

a unit. Strong units should be allowed to “run their own show” with little interference, even in the important hiring and tenuring decisions. Administrators should attempt to increase the quality of weaker units by active involvement in the hiring and tenure process, particularly of the department head or chair. Administrators then need actively to support the head or chair in recruiting, hiring, and retention of quality faculty. The administration should only intervene directly in the departmental and individual scientist’s research and teaching agenda in extremely unusual situations and, instead, should concentrate on strengthening weak units via intervention in matters of staffing rather than program.

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Because Atwater was convinced that the support of farmers ultimately could be won only by discovering principles of agriculture that were long-term solutions to their problems, he cautioned against straining resources in an effort to find a cure for every new problem the farmers encountered. In an era when the tendency was to do anything to garner farmer loyalty, Director Atwater's advice...was a valuable reminder *that the demands of the scientific discipline should be the guide and the advancement of knowledge should be the standard of success for the stations* [emphasis added] (p. 39).



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3



Some Almost-Ideal Remedies for Healing Land-Grant Universities



This paper follows up on the “Land-Grant University Revitalization Debate” so forcefully and eloquently led by Schuh, Bonnen, and others. The paper offers some small steps that might be taken (little things that might be done) by way of internal institutional reform to enhance the prospects for sustainability and contribution of the land-grant tradition in the twenty-first century.

Two topics are addressed in the spirit of institutional reform: (a) fixing administrative structure, titles, and responsibility consistent with a collegial environment of individual faculty entrepreneurs, i.e., a university environment, and (b) fine-tuning faculty incentive mechanisms, i.e., faculty evaluation processes for annual merit-salary increments and promotion and tenure. The centrality and pre-eminence of the single, coherent mission of educating resident and nonresident students through teaching/learning/discovery is an underlying subtheme. The general pedagogical strategy is to discuss “the way it is,” followed by “the way it ought to be—an ideal,” and concluding with “a way it might possibly be—an almost ideal.” That is, the plan is to conclude each section with suggestions for reform that are hopefully doable—that move us in a positive direction and that stand some chance of gaining acceptance within the academic community. A modest number of ideas are offered that



might lead us from where we are toward greater service to society given the fundamental nature and purpose of a university.

Setting the Stage

Certainly prominent among those calling attention to apparent problems in the direction and priorities of our land-grant universities have been Schuh and Bonnen. In his widely read and cited piece in *Choices*, Schuh (1986) argues that our land-grant universities have “lost their way” and are in serious need of “revitalization.” Among the symptoms of malaise he notes are faculties introverted in their disciplines, publishing for professional peers to the disadvantage of applied work, and consulting for the highest paying firm or agency in lieu of public service. Schuh calls for a recommitment to the tripartite mission of teaching, research, and extension and to an institutional mission of contributing to the solution of society’s problems.

Schuh challenges us to (a) capitalize on what we have learned about agricultural development, specifically, to invest more in human capital formation (I take that to mean a higher priority on our teaching functions); (b) respond to the changed economics of education, i.e., recognize the opportunity cost of students and adapt our teaching/training programs accordingly; (c) train and educate students for the international economy; (d) contribute to the design of institutions; (e) span the ever-widening gap between the frontier of knowledge and the problems of society; and (f) give university administrators more authority. Watts and I expressed concern about the validity of Schuh’s allegation that the applied gap between the frontier of knowledge and societal problems was not being addressed, and we (and others) wrote in strong opposition to the proposition that university administrators be granted more authority (Beattie and Watts 1987, Bromley 1986, Smith 1986). Neither of these two issues need be recounted here. Suffice it to say that most, if not all, of what Schuh had to tell us is worthy of our serious consideration and corrective action. I find Schuh’s first four tasks and the fifth of giving even greater attention to “spanning the ever-widening gap” compelling indeed.

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Bonnen, in his 1986 AAEA Fellows Address, lends support to a number of Schuh's themes. Bonnen, like so many others, is concerned that the reward structure of most contemporary land-grant universities undervalues applied subject-matter and problem-solving research relative to disciplinary research. He is concerned about the basis for effective extension education and problem solving, and by implication a penalizing of those who do empirical work.

Harold Enarson (1989), a past president of The Ohio State University and senior advisor to the Western Interstate Commission on Higher Education, draws significantly from Schuh in expressing his concerns. He notes that many land-grant universities, along with the best of the other state and private universities, have become "premier national institutions," attaining the status of so-called research universities. Enarson is concerned whether land-grant universities can embrace the research university model and remain faithful to the land-grant mission.

As these concerns are played out, it occurs to me that our land-grant institutions are engaged in a war involving two closely related yet distinguishable battlefields. There is the external war for the hearts, minds, and tax dollars of the citizens that support and sustain us. It seems clear that this external war is on the minds of many, e.g., Hildreth (1991), Enarson (1989), McDowell (1988), and others. Yet, clearly the external war is intimately connected to a battle within the university about what is going to count, what we are about, and who are going to be the principal players. It is this internal battle to which most of my remarks are directed. It is a battle of particular importance to our colleges of agriculture, and one, in my view, that we must win if we have any hope of success in the larger struggle.

To put it rather directly and perhaps a bit harshly, the internal war has to do with the perceived irrelevance and inferior scholarship of many, if not most, of the more applied professional programs within our land-grants—agriculture being a prime example. It has to do with the matter of the relative importance of teaching or human capital building *vis-à-vis* new knowledge discovery of initial primary interest to ourselves and our peers, and to the legitimacy and scholarly quality of the extension mission. It is my view that if we applied types can better position ourselves within the land-grant

university, then our and the university's chances of success in the external war and opportunities for greater social service are decidedly enhanced. Those of us in the application business and in the professional schools are a minority. The sooner we recognize that and begin to compete with first-class scholarship and a mind-set in concert with academia generally, the sooner we will be able to win over the "rest of the university" and get on with the important work of enhancing the status of resident and nonresident teaching and obtaining recognition for the high social value of rigorous applied knowledge. For colleges of agriculture, getting our minds in concert involves nothing more than modifying our language and administrative structures to something to which the rest of the university can understand and relate.

Enough said by way of background. To be sure many among us, perhaps even a majority, believe there are problems of priority, of lost mission, of undervaluation of teaching (including extension). The voices of these individuals have not fallen on deaf ears. Probably every land-grant university is presently giving serious discussion and attention to these matters, especially to the alleged undervaluation of excellence in teaching. With the aim of redressing some of the perceived maladies, this paper offers some ideas for rethinking how we view our role, how we administer and govern ourselves and our programs, how we might modify our incentives structure and evaluation processes, and how we might adopt a heightened view of teaching (both resident and nonresident varieties).

Fixing Administrative Structure, Titles, and Responsibility

In my humble opinion, the administrative structures of most of our land-grant universities are, to put it mildly, a mess. It is little wonder that many of us find ourselves concerned about the lack of coherence of our academic programs, about the lack of integration of research and teaching, including nonresident teaching (extension), about the apparent low priority of teaching generally, and about a number of other maladies. Consider a simplified organization chart for the typical land-grant university (fig. 1). Amazing; and, mind

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you, this is simplified! I have not bothered to add in the complexities of that whole army of so-called academic professionals that oftentimes, I get the feeling, run the university—the offices of the registrar, of admissions, of affirmative action, of student affairs and services, of facilities planning and management, of intercollegiate athletics, and so on. Nor does my schematic include all the invisible curved lines that connect every “lower level” with each and every “upper level.” Actually, these omitted (invisible) lines are among the

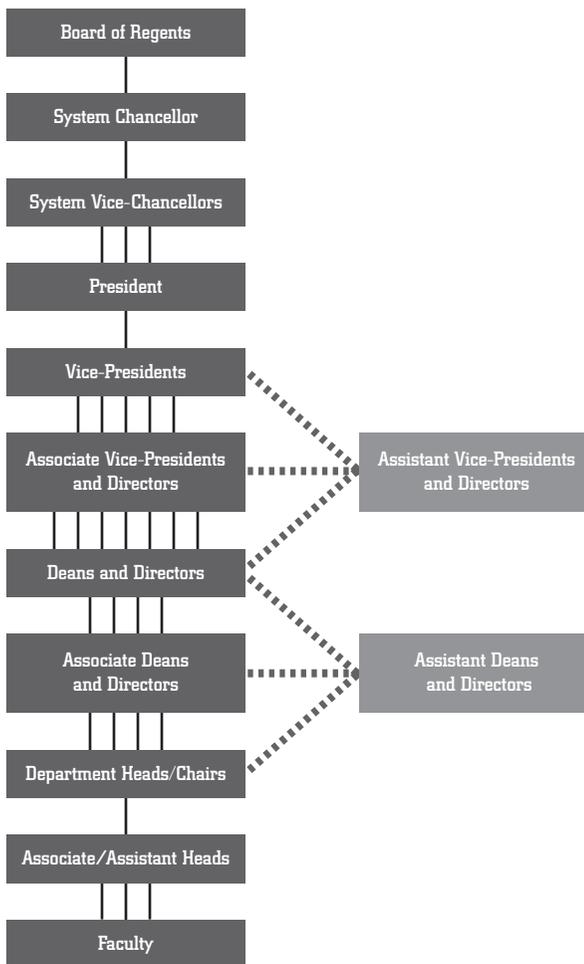


Figure 1. A simplified typical university organization chart

most important. Also missing from my chart is the vast array/network of interdisciplinary institutes, centers, and specialized study programs (for every imaginable topic) that permeate and infest so many land-grant universities these days. (But that is another topic best left for another time. Suffice it to say, my attitude about such creatures is not unlike Stigler's. I recommend his essay on "Specialism: A Dissenting Opinion" [1936:9–16] for your enjoyment.) Finally, I have not included the sometimes lightning-bolt-like lines that connect the state legislature and governor's offices to various levels of the official organization chart.

Notwithstanding these important omissions, there are sufficient serious problems of structure and title on this simplified organization chart (fig. 1) to make one's head swim. To begin, the solid vertical lines are presumed and sometimes actual lines of authority. The dashed lines denote staff functions; unfortunately, they are most often staffed with Ph.D.s and may or may not have significant duties, responsibility, or authority. The first problem that should be apparent to almost everyone is that there are far too many layers of administration above those that carry out the principal purposes and valuable work of the university, viz., the faculty. Not only is the overburden enormously expensive and cumbersome, it is often obstructive and not always prone to good judgment. It is certainly not compatible with fostering creativity. The expense of excessive administrative overburden is especially noticeable/painful in our "smaller" land-grant universities. Such institutions, even those with fewer than 10,000 to 15,000 students, seem bound and determined to emulate their big research-university brethren in all ways, good and bad. The need for smaller universities to streamline and reduce their administrative structure seems particularly manifest.

A second problem with the chart (fig. 1) for many members of academia is the curious title of "director" that appears here and there, especially in colleges of agriculture. Can you imagine the reaction of a historian, a philosopher, a mathematician, a physicist, or a professor of modern languages to the very idea that there might be someone (especially an administrator) who somehow "directs" the programs of individual faculty members or some collective of same? The very idea is foreign and repugnant to most of academia.

And it should be to us as well. But even if it is not, we, in colleges of agriculture, should shed ourselves of such administrative titles in the interest of opening up the lines of communication with the rest of the university if we wish to push successfully the case for the importance of extended education and applied research.

To pursue these ideas further consider figure 2, a revised version of figure 1 with a bit more specificity, using agriculture as the example college. This typical university is fortunate that it is not so complex to need chancellors and vice-chancellors. Also, to simplify further, this organization chart, unlike figure 1, does not show the morass of linkages between and among associate deans and vice-presidents, nor does it show any assistant deans within the example college of agriculture.

Notice that the repugnant title of director has been eliminated, but several severe problems still remain (fig. 2). First of all, look at the roster of vice-presidents. Remember that often this is the cast of characters that forms the president's cabinet and sets the larger direction and resource allocation decisions for the university. The most notable problem here is that typically fewer than one-half (often many fewer) have programmatic responsibility central to the academic mission of the university. In fact, it is sometimes the case that only one vice-president has main line academic responsibility: the academic VP or provost. The implication of such a situation for core academic programs within the university is not promising. I might add here that one would expect the VP for research and the VP for extension to be strong advocates for the primacy of academics within the greater university, but unfortunately this is not always the case. Often the VP for research, no matter how well-intentioned and oriented he or she might be, over time becomes principally a tax collector for the university, often working at odds with faculty who are attempting to garner resources to do their jobs and be creative. It never ceases to amaze me, the number of such individuals who measure their success and the success of the university in terms of total grant and contract dollars, not to mention indirect cost dollars generated, as though that were some measure of output or productivity. (I will return to some of the pitfalls of this mad dash to individual and institutional stardom through grants-

manship later in the paper.) And, equally unfortunate is the fact that some VPs for extension (or in some cases, directors of extension) are far too preoccupied with service per se and not necessarily extended education or teaching.¹

A second and crucial problem with the administrative structure depicted in figure 2, as Johnson (1987b) has pointed out, is its *disintegrative* nature. For purposes of completeness, the separation of resident instruction, research, and extension is shown at the vice-president level, at the college level, and at the department level. Obviously, this functional separation does not occur at every level at every land-grant university, but I dare say it is characteristic of most. Please note that on my version of the typical organization chart, despite the disintegrative functional organization at the department and dean levels, there is a solid connecting line between the faculty and the department head and between the department head and the dean. When these lines do not exist (and sometimes they do not), the problem of disintegration is even further exacerbated. The structuring of our administration along functional lines is not conducive to a concept of oneness of purpose and of the faculty. It is unfortunate indeed that our land-grant universities are burdened with an administrative structure that falsely separates that which should be inseparable, namely, resident teaching, non-resident teaching or extension, and research and creative activity. We, in colleges of agriculture, are the most guilty of all in this regard. It separates and divides us in a way that is particularly debilitating and counterproductive in our efforts to achieve equal standing for all forms of instructional/educational efforts alongside and in concert with research. Such a structure contributes to what Farrell (1986) and colleagues have called “a culture of separatism” between extension and the rest of the university. I think the same might be said for resident instruction.

¹ By the way, the blank VP position is for you, the reader, to fill in your favorite. In doing so, might I suggest you choose one for which “blank” best describes your perception of the duties, performance, and need for the position. Every university will have at least one such VP position.

The very idea that research should be thought of separately from teaching is unfortunate. It is foreign to the very conception of a university. As Watts and I have argued elsewhere, it is foreign even in common usage of the term university as codified in most dictionary definitions (Beattie and Watts 1987). In terms of agricultural economics specifically, Warren Johnston (1990) reminded us as recently as last year that, indeed, the common glue of our profession is applied research. It is not some functional or subdisciplinary interest groupings that constitute the core of our profession; rather, our common interest in the conduct and application of research in either a “disciplinary, subject-matter or problem-solving” context is our central core (p. 1119). I submit that the notion of separation of research from teaching is especially repugnant to the majority elements of the university outside of colleges of agriculture. If we within colleges of agriculture and those at top levels of the university truly believe that all three functions are important, then we would, curiously enough, best serve our cause by making less, not more, of a distinction between the functions. Would it not be nice just once to hear a university president say, “Teaching, including extension, is so important and so intertwined with active involvement in research that I herewith announce elimination of the positions of vice-president for research, resident instruction and extension and am assigning those responsibilities to the provost/academic vice-president.” Would it not be nice to hear a dean of agriculture say, “The missions of resident instruction, outreach, and research are so important and crucial that I am forming a new position of vice-dean of agriculture, and am eliminating all the line associate dean and director positions.” Rather, what we almost inevitably hear is exactly the opposite. Statements like, “Extension is so central to the mission of this university that I am creating a new vice-presidential level position to raise this function to its rightful position in the university.” And what is the consequence? Almost always just the opposite of what is desired ultimately happens. The inseparable function becomes separate, loses standing in the minds of the majority of the university faculty, with the usual consequences.

If we learned nothing else from the great civil rights movement in this country, we learned that the concept of separate and equal is

an oxymoron! If extension and/or resident teaching are somehow separate or separated (administratively, in annual merit evaluation, in promotion and tenure, in housing/space arrangements, or in purpose), then they will undoubtedly not be equal to each other or, most importantly, to research/creativity in status or reward. How many land-grant universities either have, or are seriously talking about, separate merit evaluation processes and/or criteria, separate promotion and tenure processes and/or criteria, separate housing arrangements (buildings, floors, wings, or office suites), separate secretarial assignments, etc., for extension faculty or undergraduate teaching faculty? All such arrangements, however major or minor, contribute to “the culture of separatism” and divisiveness of mission and purpose of our land-grant universities. Such policies and arrangements must be resisted continually.

Many top university officials are smitten these days with an especially bad idea that is being championed as a means to elevate teaching (including extension) to higher status within the university. The logic follows these lines. University productivity will be enhanced by recognizing the diverse interests and abilities of faculty, i.e., exploiting comparative advantage through specialization. And we are to accomplish this by recognizing the distinct and equal “scholarship of discovery, of integration, of application, and of teaching” (Boyer 1990). This separate-but-equal philosophy is to be formally recognized through “differentiated staffing” with “different tracks” for merit evaluation and for promotion and tenure based on appointment, assignment, funding or expectation in resident instruction, nonresident instruction, and/or research. The idea sounds innocent enough. The problem, to be sure, is not with recognizing and capitalizing on the benefits of some degree of specialization. But, formalized “different tracks” for promotion, tenure, and merit evaluation is another matter. Such ideas will most certainly not foster a sense of oneness of purpose, mission, and standing among the university faculty. Such notions tend to separate, and with separation, inequality of status and reward will undoubtedly prevail (in the long run if not sooner). Rather than separate tracks, what is needed, in my mind, is a modest fine-tuning and broadening of the existing single track.

There is yet another reason a functionally separate administrative structure is debilitating to colleges of agriculture. This is a bit of an aside, but nevertheless it is a pragmatic and important problem. Without question (I think) our deans of agriculture carry a much greater administrative responsibility than their counterparts in other colleges. Deans of agriculture have external responsibilities involving extension, branch station management, public relations for the college and university, and budget garnering, second only to the president. Consequently, we often find ourselves with no one tending the store when crucial resource allocation and policy decisions are being made on campus. An associate dean, or deans as the case may be, filling in for the dean is (are) often outmaneuvered, outflanked and certainly outranked when the provost calls a meeting of the deans. (The University of Arizona has gone a long way toward fixing this problem by naming a strong and effective vice-dean from among the usual cadre of associate deans.) It is crucial in the ongoing resource allocation process that our colleges of agriculture be represented by a strong functionally integrated administrator with appropriate standing among the competitors. The typical college of agriculture administrative structure is often not conducive to that outcome.

Again, the fundamental integrality of the discovery and dissemination of knowledge, i.e., research and teaching (resident and non-resident), is so embedded in the consciousness of the academe, and rightfully so, that it is imperative that we reorganize ourselves administratively to correct this fundamental structural inconsistency. To this end I offer you my ideal land-grant university organization chart (fig. 3). Recall, this is to be followed with an almost-ideal, but hopefully politically acceptable, alternative. So do not panic!

In my idealized view of things, I include (above the top dashed line) those the university presumably serves—our students of all varieties—labeled “external” public. The limiting of our external public exclusively to those carrying the title of student is not an oversight, it is purposeful. I wish to emphasize the primacy, in fact, exclusivity, of the educational mission (see also Beattie and Watts 1987). In my world, all that is legitimate that the university does must be captured one way or another under some output category where the recipient of the service is in a learning mode. I accept no

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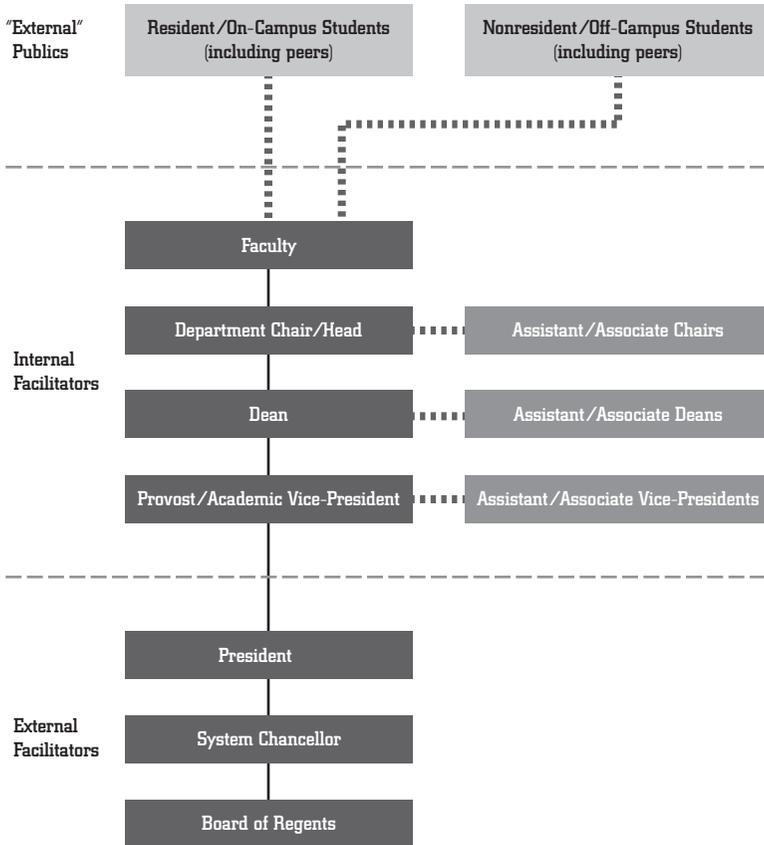


Figure 3. An ideal university organization

other purpose for a university and I allege it is the only purpose for which we have a comparative advantage. And, in this day of shrinking real budgets it is more than we can do well. While those an organization serves are not normally part of the formal organization chart of the institution, it is useful here to provide context.

Before leaving the matter of our “external public,” a term (in addition to director) that we in colleges of agriculture and the extension service should purge from our vocabulary is that of “clientele.”² It

² The author is indebted to Myles Watts for pointing out the critical and subtle difference and importance of distinguishing between students and clientele as well

should be dropped in favor of nonresident students. The words client and clientele conjure up bad, or at least inappropriate, vibrations for many academicians. Immediately, I think of a doctor writing prescriptions, or an attorney giving an opinion, an accountant filling out my tax forms yet another year, the plumber unplugging the drain one more time, or “Mr. Goodwrench” doing the annual tune-up on the family car. The professional–client relationship is one characterized as repetitive, service-oriented, and, most important, one that does not involve an intended teaching/learning experience. Consider the dictionary definition of client: “1: one that is under the protection of another: **DEPENDENT** **2a**: a person who engages the professional advice or services of another <a lawyer’s ~ s> **b**: **CUSTOMER** <hotel ~ s> **c**: a person served by or utilizing the services of a social agency <a welfare ~>...” (Merriam-Webster, p. 248). Notice the subservient role and dependency status of the client that is involved in the professional–client relationship. (My dependency on people who can fix mechanical things is total, repetitive, and hopeless. There are certain things in life I never intend to learn how to do—like how to run a VCR, let alone fix it. Thank goodness for people who can. They are important and highly valued members of society as far as I am concerned.)

But the so-called “clientele” of the university, in particular those whom extension serves (or at least ought to serve), are fundamentally different. Our comparative advantage, and I submit our only legitimate purpose, is to teach those who come to us how to do it themselves; we must engage them in learning. If there is no learning involved, then surely there is a better way, a less socially expensive way than \$40k to \$100k professors to provide such services, including the dissemination of research-based information. Again, appealing to my 1989 Merriam-Webster: a student, in contrast to a client, is a “**1**: **SCHOLAR, LEARNER**... **2**: one who studies: an attentive and systematic observer...” (p. 1170). We can dream, I suppose! But do notice that the focus is on learning, and I submit that this distinction is fundamental and important. Among other things, it has

as the repugnant nature of the title of director in a university setting (discussed earlier).

important pragmatic implications. Faculty are much less likely to become captured by their students than by their clientele, who are by their nature dependent, maybe even desperately so. Faculty and students do their work together; they are jointly engaged in a learning situation and opportunity. I submit the student-professor relationship is different, special, and socially valuable; it should never be confused with the equally important relationship between other professionals and their clients. The responsibility to engage others in a learning situation is a special opportunity, and we must never forget that this responsibility is all of what we are about. Whether engaged in classroom instruction, nonresident (extension) instruction, or research (some of which is to teach ourselves and our peers), the exclusive purpose (single mission, if you will) is teaching/learning (Beattie and Watts 1987, Watts 1991).

Between the two dashed lines in figure 3 are the “internal facilitators.” The direction of facilitation should be from the bottom up; some administrators and some faculty have been known on occasion to forget that fundamental point. Faculty fall into the category of facilitator only as related to student learning and development. Department chairs, deans, and the academic vice-president, if they do their jobs well, focus the vast majority of their attention on serving the needs, i.e., facilitating the agenda, of the faculty and student education. This facilitation involves mainly coaching, cheerleading, clearing the path of debris, and serving as referee. Coaching, cheerleading (including making the case to upper-level administrators for protection or augmentation of his/her unit’s budget), and clearing the path of debris are primary and the most beneficial roles for the facilitative-minded administrator. These are valued characteristics in successful administrators. Every game is governed by rules of conduct, and the academic game is no exception. To be sure, a fair bit of administrator effort must be devoted to refereeing. Faculty and students are, after all, real people, and real people will all at one time or another, in the pursuit of self-interest, take some liberty with the rules of the game. (See Beattie 1983 for more on the facilitative role of administration).

The most important feature of the “internal facilitator” block of figure 3 for our purpose is to note that all assistant or associate

heads, deans, and VPs are cast in a staff role rather than a line position. The disintegration of figure 2 has been officially eliminated. To be sure, the jobs of department head, dean, and provost in most, if not all, of our land-grant universities are more than one person can say grace over. These people need help. They need advice and counsel and considerable staff support on a daily basis. While these offices should be lean and mean, it would be naive to think in this day and age of accountability and litigation that most of the assistant and associate positions can be eliminated (although I am confident, as are many of you, that a number could be eliminated and the productivity of the university enhanced!). The key feature is a minimum number of levels and oneness of function—resident instruction, nonresident instruction, and research/creativity, it is all the same ball of wax.

Finally, below the bottom dashed line of figure 3, we have our “external facilitators” in contrast to “external publics” at the top of the chart. I trust most of you have no difficulty with the notion that the job of president (and below) is mainly external to the university. There is the important role of public relations and budget garnering that without question is crucial to the short- and long-term health of the institution and surely a full-time job these days.

Since even I, with my great insight and power of persuasion, will not likely convince most people to view university administrative structures right-side-up, I offer figure 4 as an almost-ideal structure in the hope that it is something toward which we might strive. By way of summary, the key features are the following:

1. The position of president is recognized for what it is—mostly external, with little responsibility for management of the academic enterprise.
2. The provost/AVP is the chief academic and managerial officer of the university and its only vice-president. All other VPs carry with their titles the modifier, associate or assistant, and are answerable to the provost. (In larger complex institutions this cast of characters will be admittedly large).
3. At the college level, the dean has responsibility and administrative authority for all academic functions germane to that college including resident and nonresident instruction and research/cre-

8. All persons served should be thought of, and where feasible referred to, as students, and university interaction with same should be in an educational/teaching context.

I admit and recognize that these views are extreme and there is much gray area. Nevertheless, I believe that principles are important in guiding our actions and day-to-day work. I submit that if the principles embedded in figure 4—limiting the university's role to that of teaching, minimizing administrative levels, and eliminating all possible opportunities for functional disintegration—were front and center in all our minds, it would help immeasurably in our revitalization efforts. In particular, it would give those of us with interests in applied research and extension an opportunity to win over the mainstream of academia by eliminating terminology and ideas that are repugnant to them. I turn now to a second area of crucial importance in providing direction in the university: the matter of faculty evaluation and promotion and tenure.

Faculty Evaluation

A former colleague of mine at Montana State, Richard Stroup, had a favorite expression, which I hereby proclaim as Stroup's Law (see also Gwartney and Stroup 1990:8–9). Stroup's Law is the most fundamental of economic laws in that virtually all other economic laws and principles follow from it (except the law of diminishing returns which really is not an economic law anyway). Stroup could almost daily be heard to say, "Well I'll be, *incentives matter!*" It is rather amazing how much of our lives we are constantly bombarded with policies, great ideas, and all manner of wondrous things for which the proponents are flabbergasted to discover consequences entirely different than intended or expected. We economists know, if we know anything, that changes in policies and rules and regulations inevitably involve changes in incentives and that human behavior will be altered accordingly. It is this propensity of economists to be looking for, and gleefully pointing out, these unintended consequences that endears us to our colleagues in and outside the university and to politicians and their constituencies.

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As good as we are at this, and even with our constant vigilance to the notion that a change in the incentives will without doubt bring about predictable behavioral response, it is interesting, I think, that so many of us are so often surprised to find that the model also applies to the behavior of professors. Sure enough we too respond to incentives, self-interest, and all those things we economists attribute to real people. In our case, response occurs perhaps even to some of the annual merit evaluation and promotion and tenure criteria nonsense that we impose on ourselves and our colleagues. To conserve time and space (not to mention lost energy and creativity on the part of the author) I dispense with “the way it is” and “the ideal” and move directly to “an almost-ideal faculty evaluation/reporting instrument for land-grant universities.” Actually, no great harm is done here in that most of what is ideal with respect to faculty evaluation is, I expect, potentially doable in most land-grant university environments. And most of you are as familiar as I am with many of the wondrous items that presently appear on faculty evaluation/reporting forms—things like involvement in interdisciplinary efforts, creative and imaginative teaching methods employed, grant and contract dollars generated, research activities (as opposed to output), extension program planning activity, and the list continues *ad nauseam*.

The main problem with our faculty evaluation (incentive) structures is the propensity to confuse input with output, means with ends. It happens over and over again and at every university with which I am familiar. Productivity, at least to an economist, should have something to do with output relative to input. A measure to which many of us could relate might be “quality-adjusted output per unit of input,”³ where output is expressed (thought of) in terms of final demands of the university. Initially, let me presume that there are some quantifiable final demands of the university for teaching (both resident and nonresident students) and for research as it might be delivered through some teaching medium. The problem with university evaluation/incentive processes is that invariably we want to count means and process as output when it is in fact input,

³ The author owes this terminology to Jeff LaFrance.

Table 1. An Almost-Ideal Faculty Evaluation/Reporting Instrument for Land-Grant Universities

- I. Teaching and Advising
 - A. Resident (undergraduate and graduate)
 - B. Nonresident (formal & informal)
 - C. Awards and recognition
 - II. Publications and Other Evidence of Scholarly Output/Accomplishment
 - A. Publications
 - B. Other research output
 - C. Awards and recognition
 - III. Service (Chores)
 - A. To professional societies
 - B. To department, college, and university
 - C. Grantsmanship (NPEO)
-

so we end up seriously understating the denominator and overstating the numerator in productivity calculations. Faculty, being reasonably bright and sometimes rational economic men and women, respond not surprisingly.

In terms of “the way it ought to be,” I give you my “almost-ideal faculty evaluation/reporting instrument” (table 1). Notice two key features of table 1: service has been degraded to minimal status, i.e., a necessary evil that must be done well yet nevertheless minimized, and extension has disappeared. Or did extension disappear? Actually it did not; rather, it has been upgraded, renamed, and fully subsumed within the single and most important function of the university, namely teaching, nonresident teaching to be precise. (I believe this is consistent with Henderson’s (1988) view that education [teaching] is the basic mission of extension.)

Now you may say, what is the big deal—just semantics or, worse yet, extension has now been downgraded even further to the status of undergraduate instruction; we all know the university could not give a hang about undergraduate instruction and those who do it well. Just look at what universities do, not what they say, not their rhetoric. On that point I must confess to some uneasiness. Whether or not the status of undergraduate instruction will rise at land-grant universities is yet to be seen. Nevertheless, I believe a

strategy of subsuming extension education within the umbrella of teaching/instruction is a good one, particularly if the goal is to gain recognition and raise the status of extension faculty in the minds of the greater university faculty, who for the most part do not have the foggiest idea what extension is all about and who are, to say the least, suspicious.

I submit that language makes a difference; it is not just a matter of semantics. I have only anecdotal evidence from serving on “ump-teen” different college and university committees. But my interaction with faculty and administrators from across several campuses impresses upon me how much of a “black box” the extension service and the agricultural experiment station is to those outside the college of agriculture, including upper-level administrators who have spent their entire careers in and around land-grant universities. Faculty and administrators outside the college of agriculture have not the faintest idea about extension and the agricultural experiment station, could not care less, and are suspicious that faculty associated therewith are engaged in *fluff*, are inferior academics, and are overfunded and underemployed.

Is there some truth to what they say? If there is not, is there reason to blame them or point fingers at them for not knowing what it is we do, or to condemn them for abandoning or not understanding or appreciating the tripartite mission of the land-grant university? I think not. Rather we would serve our self-interest and the cause of resident and nonresident teaching and of applied research by changing our, not their, mind-set. We must infiltrate the game following their rules, adopting their academic jargon, their administrative structure, their passion for academic excellence, their insistence of arm’s-length relationship with “clienteles.” I believe a strategy of infiltration and winning from the inside is surely wiser than emphasizing our differences and our enlightened and presumably superior sense of the land-grant mission. Colleges of agriculture are but a small cog in the land-grant university wheel. That wheel is not all bad and is capable of understanding where we are coming from if we will but give it a chance by making ourselves more like the wheel rather than fighting a losing battle of hoping the entire wheel will mold itself in the image of a shrinking cog. Friends, right or

wrong, remolding the university in the image of colleges of agriculture “ain’t a gonna happen!” We have to buy in, we must adopt their language, their mind-set, and their ideals. Once we have done that, then I believe we will be pleasantly surprised how many within the rest of the university share our interest in applied research and in teaching willing learners wherever they might be.

One more item by way of setup before we take up the details of faculty evaluation implicit in table 1. That is, Beattie’s “First Rule of Faculty Evaluation: Beware the Bean Counters!” Anyone who desires to reduce, or who thinks faculty evaluation can be reduced, to a numerical process with subcategory scores ultimately giving rise to a weighted-average grand total score is NUTS. Evaluation is subjective and that is the way it is—PERIOD. Ultimately, some will be judged more productive than others, some will get higher raises than others, some will make promotion and some will not, some will gain tenure and some will not. It is inherently a process of shooting at a moving target with constantly changing judges with their own principles, ideas, and criteria (Johnson 1987a). It is not great, but it is workable and, in my view, better than overly structured, overly detailed, overly quantified, naive alternatives.

I believe a simplified faculty reporting instrument limited to just the items on table 1 serves the purpose of (a) heightening the status of teaching including nonresident teaching, (b) keeping the focus on output rather than input and/or process, and (c) relegating service to internal busywork having to do with running the academic enterprise, not to be confused with the output of the enterprise. I believe this is the way that the academe (outside of colleges of agriculture) has viewed the role of university professors for eons.

With regard to teaching/advising (table 1) only three things are important: (a) the quantity of teaching I do, (b) the quality of that teaching as subjectively perceived by my partners in the learning process, viz., students, and (c) the quality and content of that teaching as subjectively perceived by my disciplinary peers. This is true whether my teaching is of the classroom or one-on-one variety, whether my students are resident or nonresident, or whether my instruction is formal or informal. And, it makes absolutely no difference what teaching methods I use, old yellowed lecture notes or the latest technolog-

ical gadgetry! Evidence of one's teaching quantity, i.e., (a) above, and quality, i.e., (b) and (c) above, must be offered for annual merit evaluation and for promotion and tenure. Peers, including the appropriate disciplinary administrator, must then render a judgment. In the case of annual merit, the judgment has to do with productivity relative to one's colleagues. In the case of promotion and tenure, the judgment is relative to some notion of minimally acceptable performance. The process, especially that of evaluating quality-adjusted teaching and research output, cannot be reduced to a mindless mechanical/clerical process. There are times when the continued pursuit of quantification is not the way to go—faculty evaluation is one of those instances.

Returning to table 1, notice that under “Publications and Other Evidence of Scholarly Output/Accomplishment” publications are not sub-categorized into peer-reviewed (important) and lay- or student-oriented (unimportant). I expect I may be the last professor of my cohort (or younger) that still does not have publications classified on his/her curriculum vitae by various categories. I refuse to do it. (The fact that I have never had to stand for a real P&T review probably has something to do with my refusal!) The point is that subcategorization of publications is just another form of unnecessary disintegration in land-grant universities, and it should be discouraged, not institutionalized or encouraged. Some of my best papers appear in peer-reviewed journals, so do some of my worst. Some of my more valuable scholarship appears in lay-oriented publications. To reduce the concept of scholarly contribution to the mere counting of refereed journal articles under some pecking-order of journals is to oversimplify the notion of research productivity, i.e., “quality-adjusted output per unit input,” to say the least. Such subcategorizations are especially silly on annual merit review reporting forms. If someone writes so many papers in a given year that I cannot sort out what is there, then the appropriate conclusion is that individual has written too much for any of it to be of much quality! It is not out of the range of possibility that an annual faculty productivity report with one refereed journal article and two lay-oriented pieces could represent greater scholarly output and social value than a full page of refereed paper titles.

Service, the last item on table 1, is problematic. Service in a university and a professional association such as the AAEA is a cost of doing business rather than an educational output. But benefits of well-done service accrue to our colleagues, and those who do these chores well deserve some reward lest we all decide the best strategy is to free ride. The main point to remember is that within the university, intramural service of a colleague can be valuable in terms of facilitating the agenda of one's peers, and is therefore meritorious. But for the university as a whole, intramural service is not a final-demand output.

The problem of what to do about grantsmanship is more difficult. You will notice on my list that grantsmanship is listed under service (chores) and that it is followed by the initials NPEO or "net positive externalities only." Grantsmanship is much like intramural service; if our peers are good at it, then it is entirely possible that the effective resource base of a department, above and beyond the resources needed to complete the contracted research, is enhanced. From this and only this viewpoint, grantsmanship should be considered in evaluating the performance of individual faculty. The part of the grant that is expended in the conduct of the grant's intended purpose is not an output, but rather an input. The output of that input is what should be counted—the research and/or educational literature produced, the graduate or undergraduate students trained, or the workshops and conferences conducted—but not the grant dollars generated. We must not confuse input with output when attempting to evaluate productivity; inputs go in the divisor and outputs (including net positive externalities) in the numerator.

As alluded to earlier, there is not one vice-president for research in the world who understands the importance of this fundamental accounting distinction. The opportunity for perverse outcomes as our land-grant universities become increasingly dependent on grant and contract funds for their day-to-day operation is not pleasant to contemplate; perhaps we should ask one of our colleagues from Stanford about the risks involved in this rat race to university stardom through grantsmanship. It is an area of faculty evaluation and university management that needs some serious attention and thoughtful consideration, especially in these times of budget

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stress. It is such times when those of us in administration might be tempted to throw caution to the wind and embrace anything and anyone who has money that might generate some desperately needed indirect cost recovery to replace our ever-shrinking hard money operations support. Remember “Stroup’s Law”: incentives do matter, even to level-headed, highly principled, and infallible administrators!

As with university administrative structure, it has been my experience that our colleges of agriculture are among the worst offenders in coming up with all kinds of nonsense when it comes to faculty evaluation and promotion and tenure. I am amazed how often college of agriculture department heads and faculty express the belief that evaluation and P&T criteria should be considerably different for faculty with different funded-appointments, like if God had meant for philosophers to do research then She would have created a philosophical experiment station. Or, as is more often the case, if Professor X in animal science has no experiment station appointment, then it is appropriate (perhaps even desirable) that he be judged solely on the basis of his teaching for merit and promotion and tenure. And certainly in extension we are far too prone to confuse or substitute process for output in evaluation matters. Again, such behavior on our part confuses and puzzles our peers in the rest of the university. It hinders our efforts to gain respect and higher status for nonresident teaching and applied research.

Conclusion

There seems little doubt that our land-grant universities, their colleges of agriculture and extension services, and their departments of agricultural economics are “under the gun” (or at least believe they are). Allegations of lost focus and mission, of misplaced emphasis, of self-serving professors rather than professors tending to the needs of their students and of society, and of sustainability are common themes of addresses, papers, strategic planning efforts, and study commissions. These topics and efforts seemingly occupy a disproportionate share of the time and energy of top-level administrators

and others in our land-grant universities and their colleges of agriculture. It may even be possible that the amount of introspection is out of control relative to any hope of insight or benefits from such introspection. Despite that distinct possibility, this paper attempted to provide some specific suggestions for fine-tuning within the land-grant system (and colleges of agriculture in particular), to focus attention on the one function/mission for which universities have a comparative advantage, and to get on with the task of heightening the status of, and fully integrating, resident and nonresident teaching within the university administrative and reward structures. Suggested institutional reforms were offered in the belief that winning the internal war (getting our house in order) is an essential prerequisite to winning the external war for the hearts, minds, and pocketbooks of those we serve and who sustain us.

To that end, several specific recommendations were made in the paper:

- Land-grant university administrative structures, and especially the administrative structures of colleges of agriculture, should become more integrated with respect to teaching (resident and nonresident/extension) and research. In the process, the number of levels of line administration can and should be reduced.

- We should purge our vocabulary of the term *clientele* in favor of *student*, especially in colleges of agriculture and the extension service. Students are fundamentally different from *clientele*, and the university's exclusive business (single mission) involves teaching students in their many varieties. Also, I take as a given that, for all individuals aspiring to the title of professor, the expectation of knowledge discovery (research) is part and parcel of the teaching function, and I might add that is true irrespective of the professor's budget/appointment split. And, while we are at it, it would not hurt to use the term *nonresident instruction* rather than *extension* at every opportunity.

- We should purge the term *director* from our administrative vocabulary. The concept of *director* has no place in a university setting. There may be a place for *directors* at the head of an orchestra, or a manufacturing division of IBM, or in state or federal government. But in a university, definitely not!

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- Faculty incentive/reward structures must be coherent, consistent, productivity based, and as simple as possible. The agreed upon measure of productivity should be quality-adjusted output per unit of input. All items that cannot be articulated in terms of the legitimate final-demand outputs of a university should be stricken from (or greatly de-emphasized in) all merit evaluation and promotion and tenure criteria statements and documentation.

In violation of an important rule of good writing, I offer two additional thoughts not heretofore discussed in the paper.

- Active participation in meeting the undergraduate teaching responsibility of the university should be an expectation for every tenure-track faculty member except for those whose teaching responsibilities are off campus (extension) and except for those program areas where there is no or only an inconsequential undergraduate program. In the case of agricultural economics, there are few teaching/research funded faculty so valuable in research or graduate education that they should be totally excused from teaching an undergraduate class at least every other year. Undergraduates deserve, and the taxpayers pay handsomely for, the privilege of exposure and interaction with the greatest minds our profession can provide. Teaching undergraduates is not a second-class occupation; in fact, it is a kick in small dosages (and for agricultural economists the dosage typically is not that onerous).

- Finally, academic agricultural economics is surely an undergraduate-program-dependent profession. There is not a good, reliable supply of grant and contract dollars for basic or applied research to support an exclusive research/graduate program effort for anything like the entire academic agricultural economics enterprise as exists today. As a pragmatic matter, undergraduate interest in agricultural economics has been, and will continue to be, dominated by undergraduates with interests (at least initially) in agribusiness. Our programs and faculty would be wise to accommodate (in some way) to this reality.⁴

⁴ The author had originally hoped to discuss a few ideas explaining how we economic purists could “have our cake and eat it too” with regard to agribusiness, ideas that would keep economics rather than business front and center and would at the same time permit us to turn out a competitive and valuable student product to society. But, given time and space constraints, I leave that for another time and place.

To be sure there are plenty of reasons to be pessimistic about the future of land-grant universities, their colleges of agriculture, and agricultural economics. We, the members of AAEEA, have reason to be concerned about the health and welfare of all three, especially the latter. The future is uncertain, but if we remember always to emphasize quality and to get in harness in so far as possible with the mind-set of academia generally, then surely there is reason to believe that someone will “turn the light back on at the end of the tunnel.” As my friend and colleague, Jeff LaFrance, often says after something good happens, “Life ain’t always bad!”

It is perhaps a bit trite, but surely our future is mostly up to us. Dan Padberg (1989) advises us well: we must learn to give a better play from an unstable institutional stage rather than the sometimes mediocre play we became accustomed to giving from the all too familiar and stable stage of the past. As I look to the future, I cannot help but be optimistic. I observe, in the generations of economists following mine, an enthusiasm, the theoretical and quantitative skills, the analytical rigor, and the imagination that would make any father or mother proud. I believe we are in for some “fine plays” and for several years to come.



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4



North American Studies, Wet Land Institutes, and Centers for Policy Reform: Academic Albatrosses or Panaceas?



Arguing against interdisciplinary institutes and programs in today's modern universities is a bit like being against motherhood, apple pie, and Chevrolet—like playing Russian Roulette with five live bullets. But I, for one, have grave misgivings about such creatures. Lest I bear the unnecessary wrath of some of my friends, I offer an important caveat up-front. I am *not* here speaking of centers and such that are wholly and naturally subsumed within an existing traditional academic department or those institutes lying alongside, but totally outside, the university.

At many (if not all) state universities, interdisciplinary and topical studies programs abound and they are eating our collective lunch. My university has no fewer than two dozen such programs, several of which have their “own” tenure-track faculty positions, roughly one deep in each of a half-dozen or so otherwise legitimate academic disciplines, complete with baccalaureate, master's and even Ph.D. programs. The very nature of these programs places emphasis on broad-based exposure with minimal prerequisites and little or no depth in any particular disciplinary subject matter. All such programs need (at a minimum) a high-salaried director, who spends much of his/her time networking with others from related or similar programs, all to justify continuation and expansion of this or



that critical thrust. Collectively, and on average, these “babies” don’t come cheap. Whether the long-run interests of students are well served by their proliferation is open to serious question.

The rallying cry of the interdisciplinarian seems plausible on its face. “All interesting and important societal problems are inherently interdisciplinary in nature. The purpose of the university is to solve society’s problems. Disciplinary departments are introspective and indifferent (if not antagonistic) to the ‘real’ problems of people. Addressing real world problems in any meaningful way thus requires new innovative approaches to circumvent the ‘academic purists’ and guarantee relevance.” I have difficulty with all of these premises and the associated conclusions, but that’s neither here nor there.

Back in the “good ole days” of growing nominal and sometimes even real budgets, these creatures were only a minor nuisance to us academic traditionalists. Not that many students were afflicted or harmed and the stress on not so limited university budgets seemed almost inconsequential. But the times, they are a changing. It is the era of downsizing, recision, and reallocation or whatever the operative buzzword at your institution. (My favorite, I heard just recently, is deallocation! Now that word has a clear and definitive ring to it.) It is a time of insufficient faculty lines to teach the required sections of basic English, chemistry, mathematics and, yes, even economics. Undergraduate classes in the basic disciplines are bursting at their seams; students rarely get required beginning courses in a timely fashion; the traditional core disciplines and professional school programs of our universities are under severe stress.

It is time to retrench from the periphery, from the nice but not essential, from the interdisciplinary—not from the basic disciplines. Yes, Virginia, there is waste, misallocation of resources and misplaced priorities in our state universities. For me, much of it involves centers, institutes and studies programs. Our problem, however, is that the waste I see is the interdisciplinarians’ “cup of tea” and the waste they see is excessive depth and over emphasis on traditional academic values and rigor associated with core disciplines.

So it goes in the public, democratic, and bureaucratic environment in which we function. We in the universities are victims of

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our own rent-seeking bureaucratic behavior. Our greatest threat in the long run is the good times. Like all good bureaucrats we proliferate, extend way out on the perimeter and lock ourselves into irreversible (or nearly so) positions. New and “innovative” programmatic thrusts are the name of the game in garnering large budget increases during the good times. “Decision packages” they’re called—new buildings, new programs, new institutes, new problem-solving centers—something political and legislative types can get their teeth into! What self-respecting politician would win any points merely by supporting funding to teach another section of English or to hire a janitor to clean the new building.

Enough, I say—it is time to pay serious attention to maintenance and strengthening of core disciplines and professional school programs of the university!





Bureaucratic Behavior and Rent Seeking in the Ivory Tower (Including Agricultural Economics)



Lest you think the title of this paper damning and a bit too close to home for comfort, consider my original idea: “Rent Dissipation, Transactions Cost Maximization and Other Bureaucratic Misbehavior in Land-Grant Universities, Colleges of Agriculture and Agricultural Economics.” How’s that for inflammatory language! While not inclined to engage in outright falsehoods, I must confess to an occasional exaggeration to gain attention. Such is the case with both the original and present title of this paper. In truth, I focus mostly on what might be called the “new political economy” (public choice or collective choice [Stevens 1993]) of universities—calling here and there on anecdotal evidence from the agricultural economics profession and my own experience. Having been a part of the academy some *twenty-five* years (not counting my student years), I am fully confident that the rent seeking and bureaucratic behavior of agricultural economists is not the least bit different from our colleagues’ across the university. Aside from other economists and a few political scientists, the only difference between them and us is that we might feel an occasional twinge of guilt when we engage in rent seeking, if only because we are aware of the negative-sum/social-cost consequences of such activity.

The idea of looking at the behavior of publicly-employed academics as bureaucrats seems an appropriate lens through which we



economists might view this subject. It is interesting, I think, that to date little of the professional dialogue about land-grant universities and the role of academic agricultural economics has taken advantage of the compelling public-choice/bureaucratic-behavior paradigm. As noted by Houck (1992), agricultural economists seem to love to engage in “professional introspection.” Yet, we have carefully steered clear of rigorous analysis and theory in so doing. Unfortunately, I must confess to having contributed more than my fair share (1983, 1987 [with Watts], 1991, 1992a, 1992b, 1992c).

The plan of this paper is (1) to review several ideas drawn from the theory of public choice as they might apply to the behavior of faculty, departments, and department heads; colleges and deans; and university provosts and presidents; (2) to consider some possible rent-seeking examples from the academy; and (3) to offer some tips to university rent seekers.

Critical self-evaluation is seldom undertaken and almost never desired. Nevertheless it might be instructive to have a look at ourselves (i.e., we academics) from the vantage of our own paradigm and in our usual dispassionate manner as critics of the behavior of others—especially of other bureaucrats. If nothing else, I ask you to sit back, relax, and join me in having a laugh at ourselves. Who knows, this might be fun!

Review of Some Public Choice Ideas

An appropriate starting point is to review two prevalent ideas in the public choice literature: bureaucratic behavior and rent seeking. The goal is to frame what we do in academia, i.e., our bureaucratic behavior, in a public choice context.

Bureaucratic Behavior

The principal architect of the analytical framework and ideas most economists embrace when discussing the design and functioning of public sector (and some private sector) agencies/bureaus is Niskanen

(1971). In his treatise, *Bureaucracy and Representative Government*, Niskanen develops a theory of supply by bureaus based on a model of purposive managerial behavior. His motivation is not to explain the particular behavior of individual bureaus, but, like the theory of the firm and the theory of consumer choice, to explain the probable social behavior (the aggregative consequences of the interaction among individuals) of the composite of such entities (pp. 5–6). Not surprisingly, the model assumes that bureaucrats act purposively, are self-interested, and are rational. In short, it is assumed that, like other persons, bureaucrats are economic men and women.

Niskanen identifies two *distinguishing characteristics* of a bureau:

1. The owners and employees of these organizations do not appropriate any part of the difference between revenues and costs as personal income.
2. Some part of the recurring revenues of the organization derive from other than the sale of output at a per-unit rate.

In a single sentence: Bureaus are nonprofit organizations which are financed, at least in part, by a periodic appropriation or grant (p. 15).

Do state-supported (including land-grant) universities qualify as bureaus under Niskanen’s “distinguishing characteristics”? Certainly such universities are not-for-profit institutions with the lion’s share of their funding coming from state- and federal-appropriated dollars and with lesser amounts from tuition and grants and contracts. Tuition and in some cases grant and contract dollars might be loosely thought of as revenue owing to “the sale of output [services] at a per-unit rate.” But, state- and federal-appropriated dollars are clearly “recurring revenues...derive[d] from other than the sale of output...” And, most university employees can not legally “appropriate any part of the difference between revenues and costs as personal income.” For state-supported universities this is a bit of a moot issue. Since revenue from tuition and legislative appropriation equals cost, the difference between revenue and cost is, by definition, zero, so there is per se no net revenue to “appropriate.”¹ It seems our state-supported universities rather clearly satisfy the “distinguishing characteristics” of bureaus.

¹ An area where a faculty member might be thought to “appropriate” some of the difference between revenue and cost would be supplemental compensation from

Niskanen discusses a number of *characteristics of the goods and services* supplied by bureaus. He notes that goods and services supplied by bureaus are typically

- supplied beyond that which would be supplied by market transactions
- characterized by high fixed costs of production
- characterized by difficulty of collecting user fees
- difficult to define (pp. 19–20).

Taking these items in reverse order: to be sure much of the product of universities is *ill-defined*. University bureaucrats and their sponsors do not talk much about output, preferring instead to focus on such matters as numbers of students served, extension contacts, and grant and contract dollars garnered. While it seems relatively straightforward to think of degrees granted and student-credit-hours produced as quantifiable output, the matter of extension education and certainly research and service are problematic.

Because output is ill-defined, *user fees are seldom levied* (except for tuition). While some might argue it's a bit of a stretch to think of this paper as research, nevertheless assume the paper is a university output. Is the output well-defined? Imagine trying to recoup an appropriate pro rata share of the taxpayers' investment in my salary, computer, office space, and access to library acquisitions used developing and presenting the ideas herein. What do you suppose the price per copy would need to be to cover costs? And, more frightening, how many copies might we expect to sell—at any price? Sorry I asked! Anyway you get the point.

The public-good character and inability/failure to assess user fees for most university products effectively negates the use of market price as a valuation mechanism. To make matters worse, even when such fees are assessed and collected, as in the case of tuition, they usually are not “passed back” to departmental units or individual faculty in proportion to the producing unit's/individual's contribution. The

a grant. However, in most cases one technically has to show that the supplemental compensation is for non-contract time with the university; and if that is the case, then who is to say that it is “an appropriation of a difference between revenue and costs of the university.”

upshot is an incentive/signaling mechanism which is indirect and weak. Thus, the incentive for faculty and departments to seriously consider alternative output combinations (between and among basic vs. applied research, lower-division-general-education vs. upper-division classes for majors, graduate vs. undergraduate classes, agricultural extension vs. youth-at-risk programming, etc.) is tenuous. Because the valuation mechanism is weak and noisy, academics are free to argue (and we do) all sides of all issues depending on our particular agenda at the moment. Faculty, departments, colleges, the university, and professional societies debate *ad nauseam* the “proper balance” between teaching and research, between applied research and basic research, between outreach and service. The bottom line is we are fuzzy about the nature of our output and we have problems when it comes to knowing the most valuable output mix, and we have little or no incentive to seek least-cost input combinations.

Without doubt the *production costs* of universities are *predominantly fixed costs*. Often these days labor and management costs account for more than 80 percent of university budgets. These costs tend to be fairly rigid given their contractual nature, often involving long-term tenure obligations. Certainly the buildings, facilities, and scientific equipment of modern universities contribute as well to the fixed cost nature of university budgets.

Whether all this and the tendency for bureaucrats to budget maximize (see next paragraph) points toward an incentive for state-supported universities to produce a *quantity greater than that which would be supplied by market transactions* is perhaps uninteresting given the public good character of university products. Nevertheless, it seems to this writer that there are strong incentives and at least some *prima facie* evidence pointing in the direction of “oversupply,” even assuming the supply function is balanced against a “correct” (properly aggregated) social demand function.² But we will certainly

² College graduates are having difficulty finding jobs these days. And for many the starting salaries are not particularly impressive. Let me share with you a couple of examples. My son, a baccalaureate degree holder in sociology/criminal justice from a small liberal arts college, recently obtained a position (after a multiple year search) as a police officer with a major metropolitan police department. There were over 1,400 applicants for 32 slots. My son tells me that those odds are

not resolve that complex issue in the context of this paper. Whatever our personal views on the matter of the “optimal” mix and supply of higher education outputs, perhaps something we might agree on is the lack of incentive for state-supported universities to aggressively seek least-cost production alternatives. This leads us nicely to the budget maximization proposition of the Niskanen framework.

In developing his model of bureaucratic behavior Niskanen suggests that a good proxy for the typical bureaucrat’s goal is *budget maximization*. He begins by assuming that bureaucrats are utility maximizers with their utility functions having several plausible arguments: salary, perquisites of the office, public reputation, power, patronage, output of the bureau, ease of making changes, and ease of managing the bureau. Niskanen contends that all but possibly the last two “are a positive monotonic function of the total *budget* of the bureau during the bureaucrat’s tenure in office” (p 38).³ He further notes that “It is not necessary that a bureaucrat’s utility be strongly dependent on every one of the variables which increase with the budget, but only that it is positively and continuously associated with the level of the budget” (p. 38). And, “The budget maximization assumption is not necessarily based on a cynical interpretation of the personal motivations of bureaucrats” (p. 39). There is no rea-

not unusual for entry-level positions in law enforcement. A couple of years ago another acquaintance of mine with a degree in elementary education was the successful candidate for a multigrade teaching position in a fairly remote Montana town. The starting salary was considerably less than \$20,000 and there was no shortage of qualified applicants. For larger Montana school districts (e.g., Billings and Bozeman) the number of applicants per position commonly exceeds 250, although the starting salaries are a tad better.

This past year our Department received authorization to fill an assistant professor position. We had over 100 applicants. At Montana State, there were 498 applicants for their most recent economics assistant professor search! Whether these kinds of observations will dampen the bold claims of sociology, education, and economics departments about the job market for their graduates remains to be seen. But I, for one, don’t plan to hold my breath. I recall hearing, for example, about the impending teacher shortage for at least three decades now.

3 As a sitting administrator at a university in a downsizing mode, it strikes me that “ease of making changes and of management” is not enhanced as the budget shrinks. I believe a coherent argument could be made that, at least within bounds, the last two items are also positively correlated with the budget.

son to assume that bureaucrats are any more or less well-intended than other economic actors or that they do not try to serve the public interest as they perceive it.

Does it sound like this could apply to educators? Indeed, I would argue that most academics, agricultural economists included, really do believe in what they are doing. We are, generally speaking, a proud and well-intentioned lot. This, and the fact that our “output” is difficult to define let alone “price,” makes it easy for us to unquestionably believe that the value of our services is high and that surely society would be better off if only it had more of what we have to offer. It follows, of course, that we need more resources to produce more of the good things we presently produce, not to mention all manner of new thrusts we might like to pursue. And, I might add, I’ve met few academics who believed they were overpaid or who thought their computer was too powerful or their office too nicely furnished. (I’ve met several who thought other academics and perhaps especially administrators were overpaid and pampered, but never they themselves.) All of this bodes well for the budget maximization hypothesis in the academic establishment. But there is more.

It is also interesting to contemplate the length of time that the typical university bureaucrat serves. For purposes of this paper, I take the term bureaucrat to apply to all the players inside universities. Depending on the context, the bureaucrat might be a faculty member, a department head or chair, a dean or associate dean, a provost, or president.⁴ Faculty, as bureaucrats, are commonly “in

⁴ I include faculty along with their administrators as bureaucrats for two reasons. First, university faculty share governance and management with university administrators. Second, most academic departments might appropriately be thought of as a federation of individual faculty entrepreneurs (some even with autonomous budgets); most colleges might best be described as a federation of departments; and the university can be viewed as a federation of colleges. Since faculty are individual entrepreneurs, we are, in effect, the administrators/managers of our own bureaus within a hierarchy of bureaus and sub-bureaus. Thus, we are appropriately thought of as bureaucrats every bit as much as our department heads, deans, provosts, and presidents. As with most of the academic literature on bureaucratic behavior, it is important to remember that the term bureaucrat is not meant to be pejorative. There is no reason to assume that university bureaucrats are any more or less self-interested, benevolent, public-spirited, disinterested, ill-intended, or dishonest than other persons.

office” 35 years or more. Fortunately, for those bureaucrats “up the line”—department chairs, deans, provosts, and presidents—the length of tenure is much shorter. (Some might argue, nevertheless, too long.) In any case, most of us in the academic business, whatever our role, are in (the business) for a long time. Our perspective is anything but short term. Accordingly, that we should desire to survive and to enhance the budget for what we do seems compelling. In the past several years most deans and department chairs have been frantically about the work of trying to maintain budgets at current levels or to stem the rate of erosion of the budget. Such efforts are consistent with both the short- and long-term budget-maximization and survival interests of faculty and their administrators. Efforts to reduce the rate of loss during hard times is maximizing behavior every bit as much as is angling for larger budgets during the good years.

The budget protection/maximization behavior of those university bureaucrats we call administrators (department heads, deans, etc.) is reinforced by two groups of players that significantly influence “their” administrator’s tenure in office. In the case of department chairs and deans, these players include the employees “below,” principally the faculty, and other administrators “above” or, in Niskanen’s words, “the officers of the collective organization” (p. 40). The pressure exerted by faculty on department chairs (and deans indirectly) to fight for the retention of faculty lines, hard-money graduate student and staff support, travel funds, computer hardware and software, and other equipment and operational support can be intense. Certainly that is my personal experience. Most department chairs correctly consider themselves a member of the faculty team and they certainly don’t want to be remembered as the key player who fumbled the ball and let the team down. Faculty expect their administrator to deliver and they won’t put up with failure for very long. To be sure and for good reason, academic tenure is not granted in administrative positions. For the most part, the positions are neither secure nor academic.

A second source of pressure for budget maximization on the part of university administrators is that brought to bear by higher-level officers in the organization. Like the faculty, superior univer-

sity officers can cut short the tenure of a lower-level administrator. While less of a threat to “administrative tenure” than dissatisfied faculty (my opinion), higher-level administrators are nevertheless a factor to be reckoned with. Higher-level administrators usually are the performance reviewers (with appropriate faculty input) of “their” lower-level administrators and they (the upper-level administrators) control the purse strings. Like lower-level players, upper-level players often judge the performance of “their” administrator by whether he/she is a “team player” and more importantly on whether he/she is helping to make the accepted surrogate indicators of output grow. Are student-credit-hours rising or falling? Are grant and contract dollars garnered up or down? Are the number of refereed articles higher or lower than before the incumbent took over the reins? Have prestigious faculty been attracted and retained or are we losing ground? Up is the only acceptable direction. And up, by definition, can only happen if the total budget is rising—assuming we were producing before and after on our least-cost expansion path, which is, of course, a debatable proposition for universities. Indeed, one of the arguments of the budget maximization hypothesis is that bureaucrats have little or no incentive to produce on the expansion path or at minimum cost per unit output. Certainly the end-of-year spending habits of most department heads would suggest that cost minimization is the last thing on these individuals’ minds or the minds of the faculty in queue for goodies.

Rent Seeking

The literature on rent seeking is now more than two decades old, dating back to Tullock’s 1967 article, “The Welfare Costs of Tariffs, Monopolies and Theft,” in the *Western Economic Journal*. The term “rent seeking” per se is attributed to Anne Krueger (1974). In his textbook, *Public Choice: An Introduction to the New Political Economy*, Johnson (1991) tracks the evolution of the concept of rent as used in economics. He suggests:

Economic rent now refers to a higher return, income, or receipt that cannot be reduced or eliminated by the normal competitive fac-

tors in the economy. Short-run rents can readily exist in any industry [including the academic, I might add]... However, economists are particularly concerned about economic rent earned in the long-run because of barriers to entry in an industry. The most persistent and pervasive entry barriers are those created by government that exclude or reduce competition... [T]hose who attempt to use government to obtain such rents are called rent seekers (p. 328) [bracketed insertion mine].

It is the “long-run economic rent” due to special privilege and protection from competition granted by government and gained through political activity that is the principal concern of public choice theorists and practitioners. And, as Johnson notes, it is the pursuit of such rents that most authors have in mind when they use the term *rent seeking*.

For our purpose, we should be reminded of two things. First, the “special privilege and protection from competition” need not be absolute; rent-seeking behavior is not dependent on the expectation of gaining a complete monopoly position. Just the expectation of some or limited special privilege is sufficient to induce rent-seeking activity. Second, “government” need not be limited to the kind or level that we normally think of, i.e., the federal, state, or local government. Specifically, in this paper we will find it convenient to think of government loosely as a collective institution with power to allow, prevent, facilitate, or hinder our rent-seeking objectives. Curriculum committees, executive councils of colleges and of university central administration, boards of regents, and the executive boards of professional societies are all important governmental entities within and around the academic bureaucracy. At one time or another, we seek special privilege, monopoly position, or transfer payments of one kind or another, and we and others look to, fend off, or otherwise deal with the people on these committees, councils, and boards—people having the power to facilitate, grant, or thwart rent-seeking proposals.

An important point is implied in the Johnson quotation above: there is *good rent seeking* and there is *bad rent seeking*. Good rent seeking has to do with efforts that are wealth (economic pie) increasing. Indeed, the prospect of earning economic rents motivates entrepreneurial activity benefiting producers in the short run

and consumers in the short and long run (Johnson, p. 329). There are always opportunities for building better mouse traps in academia and other bureaucratic entities as in all areas of economic life. Such effort, both inside and outside the bureaucracy, should be fostered and applauded. It is “good rent seeking”—*rent creation* and profit seeking (Buchanan 1980).

Of course, the really troublesome aspect of “bad rent seeking” has to do with the negative-sum/wealth-decreasing character of such games. Anderson and Hill (1980) in their book, *The Birth of a Transfer Society*, discuss what amounts to “bad rent seeking” as transfer activity in contrast to productive activity. As they put it:

Transfer activities add to the wealth of specific individuals or groups of individuals but reduce the wealth of other individuals or groups... Because transfers consume resources, such activities decrease the total product of...society...

...productive activity is a positive-sum game, or social interaction, that enlarges the pie. Transfer activity, on the other hand, is a negative-sum game—a series of social interactions that decreases the size of the pie. There is less after the social interaction than before (Anderson and Hill 1980:3).

The resources invested by competitors in the rent-seeking game, attempting to secure and then defend a preferential status, can be considerable and in many instances equal or exceed the expected or existing rents. That is, the rents *are dissipated* in the course of the political rent-seeking process (see Mueller 1989:231). Suffice it to say, there are few rent-seeking scenarios where a zero- or negative-sum outcome, as suggested by Anderson and Hill, is not the case.

The implication for academic rent seeking, it seems to me, is that negative-sum outcomes are likely because the players (you and me, our cohorts and co-conspirators, and those opposing or competing with us) invest relatively little of our own resources in the conduct of our rent seeking. Our personal costs of rent seeking, like those of other bureaucrats, are lower than for private-sector rent seekers. This is especially true for those of us who have “earned” tenure and who are on the upper-end of the pay scale. Our opportunity cost of foregone productivity (an additional paper, a better lecture, etc.) is low because the merit system can no longer reach us; we have an incentive problem. The citizens of Arizona and Wisconsin pay our

salaries and foot the bill for our computers, our paper, our postage, and our phone service, whether we are engaged in productive (educational) activity or in rent-seeking activity. Because we bear little of the out-of-pocket cost of our rent-seeking effort, and if our opportunity cost is low, we most certainly will overinvest in such activity. If one believes that “bad rent seeking” among private sector participants is in excess supply, then one has to believe that “bad rent seeking” on the part of bureaucrats is really in excess supply. As Mueller notes, “When rent seekers are agents investing the money of their principals, risk-taking behavior is more plausible than risk aversion, and an overdissipation of rents can be expected” (p. 233). If Mueller is right, then imagine the incentive to overinvest in rent seeking when the “principals” are taxpayers. To the extent that we academics (agents) engage in transfer activity of the bad rent-seeking type, we reduce our contribution to the social pie below what it otherwise might be.

Let us turn now and look at some specific examples of academic behavior—behavior that seems to me to be mostly rent seeking, yet is predictable and may be unavoidable in the academic bureaucracy.

Rent-Seeking Examples from Academia

Before looking at three specific rent-seeking examples, recall that earlier we drew a distinction between “good rent seeking” (Buchanan’s “profit seeking”) and “bad rent seeking.” In most instances it is easy to discern the difference between the two varieties. However, with several of the more interesting forms of academic rent seeking it is not always easy to know whether the particular activity is of the “good” or the “bad” variety. In fact, a number of the things we do in universities strike me as falling in the gray area somewhere between the two—having some potential to be “pie increasing” but more often than not being mostly “pie dividing” or “pie stealing” in intent and outcome.

Two examples occur immediately to me. First, an agricultural economics audience would surely be disappointed if I didn’t mention the proliferation of “centers” and “interdisciplinary institutes”

as a possibility. My President's Column, "North American Studies, Wet Land Institutes, and Centers for Policy Reform: Academic Albattrosses or Panaceas?" in the *AAEA Newsletter* (1992) still haunts me. It was not the most popular piece I've written—especially at The University of Arizona. At Arizona, we have nearly as many centers and institutes as The University of Wisconsin, and they have longevity and a capacity for growth about like a Giant Sequoia. A second example that falls in the gray area is the "recent" proliferation of undergraduate and graduate ethnic-, gender-, and topical-based studies programs across the country. Doubtless these "centers," "institutes," and "studies programs" have pie-increasing possibilities. But, they also provide great rent-seeking opportunities for their entrepreneurs and constituency groups (Kimenyi 1992).

Because we academics/educators are absolutely convinced that the discovery, dissemination, and application of knowledge is a good thing, the idea that our rent seeking might be more of a "pie dividing" activity than a "pie increasing" (profit seeking) activity is not easy for us to fathom. In this regard we are not unlike preachers. So, in what follows, I address what seem to me to be behaviors that "smack of bad rent seeking." I'll leave it to you (the reader) to pass your own judgment.

Vanity Courses

Pages could be written on the topic of "vanity courses." Vanity courses are courses developed in support of specialized and narrow faculty interest but not "fundamental" to student training or education. Certainly on many campuses there has been a proliferation of frivolous degrees and majors in every conceivable topic known (and unknown) to man/woman and all manner of specialized vanity courses to support these programs. One of the nice things from the individual rent-seeking professor's perspective about a vanity course is that enrollment is usually small and the "takers" are most often upper-division or graduate students. The upshot is that heavily subscribed lower-division, general-education classes are often undersupplied and/or offered only on a mass lecture basis.

It is also not uncommon to find that the lower-division principles and core classes of a department are taught by the junior faculty, temporary faculty, or graduate students. Part of the explanation, I suspect, is that the senior faculty have had time and opportunity to figure out that upper-division and graduate classes, targeted to majors and the professor's personal interest, are more fun (not to mention, easier) to teach. Furthermore, such classes often garner the professor a higher student evaluation score than a large-enrollment, lower-division, required class for nonmajors. An additional advantage of a vanity course is that, if it is sufficiently narrow in focus, it is possible, in any given year, that student demand will be insufficient for the class to make. If the cancellation decision point can be postponed to the last minute, then a reduced teaching load for the year is a distinct possibility. Believe me, it works—and all too frequently.

When budget crunch time comes it is often the case that the “vanity” classes survive and a section or two of the large-enrollment principles class gets taught by whomever the department head can find bumming around campus and willing to teach for low wages; or worse yet, the principles class gets canceled. (Lower-division class cancellation is consistent with the “Washington Monument Strategy” discussed later.) Is it any wonder that taxpayers, legislators, and governors are upset when their sons and daughters cannot get into a section of Econ 100, Engl 101, or Math 102? Are all the upper-level specialized classes really viable? Do they add beyond their cost of production to the size of the social pie? Or is there some rent seeking going on here? I have my own ideas; but after all, at the moment, I am an administrator with a limited personal teaching load and the responsibility for trying to get the “core” classes covered. You decide. My objectivity and sanity are temporarily impaired.

Proliferation of Administration

Another pet peeve of mine is the proliferation of administration, administrative overburden, and the convoluted and disintegrative nature of administration in land-grant universities and colleges of agriculture in particular. My AAEA Presidential Address won and

lost me some political capital on this one. I shall not repeat here my concerns about the disintegrative character of the typical college of agriculture administrative structure. Rather, let's talk just a bit about the size and growth of university administration and how administrators fare in comparison to faculty.

Since, at the moment, I am safely away from Tucson, let me use The University of Arizona (UA) as a case in point. Presently, we have a bit of a brouhaha in progress over the matter of the number of administrators *vis-à-vis* faculty positions in the University. Near as I can tell, the debate, if we can call it that, is a bit like the "Crime Bill" discussion. Mr. Clinton, among other things, wanted "more cops on the street." Some outspoken UA faculty seem to want "more professors to teach classes" and "more scientists in the laboratory." And, they have the audacity to suggest that a way to get there is to reduce the number of administrators and administrative support staff and convert these positions to faculty lines. Depending on whose numbers you believe, the number of administrators at the University is either up 42 percent or down 3 percent over the decade 1983–84 to 1993–94 (Denogean 1994). Not surprisingly, the 42 percent up number is claimed by a faculty member based on American Association of University Professors (AAUP) data; the 3 percent down figure is claimed by university administration based on UA Office of Institutional Research data. Who knows the truth—perhaps it's somewhere in between.

What I have learned in attempting to get to the bottom of this (for purposes of this paper) is that the University's data are problematic. I am told, by a person who knows, that the data base is good only about three years back due to changes in the definition of some "key" personnel categories. Apparently the historical data series on student numbers are good, as one might expect. And the data on instructional faculty numbers, classified staff numbers, and total employee numbers are accurate; but the definition of administrator has changed over the years, "so those numbers may be misleading." Nevertheless, with this caveat noted, table 1 shows data for academic years 1988–89 (six years back) and 1993–94 as reported by the UA Office of Institutional Research. I chose 1988–89 as the base reference point because prior to '88–89 fewer (less detailed) reporting

Table 1. Budgeted Employee and Student FTE for AY 1988–89 and 1993–94, The University of Arizona

	FTE		% Change
	1988–89	1993–94	
Instructional Faculty	1,505	1,541 ²	2.4 ↑
Administrators	286	312 ³	9.1 ↑
Academic Professionals	1,278	1,545	20.9 ↑
Classified Staff	5,120	5,005	2.2 ↓
Other ¹	1,498	1,679	12.0 ↑
Total	9,687	10,082	4.1 ↑
Students	30,112	31,381	4.2 ↑

Notes:

1 Includes graduate assistants and associates and other faculty

2 Of which 13% were vacant

3 Of which 3% were vacant

Sources:

- Office of Institutional Research, *The University of Arizona Fact Book*, 1988–89 edition and 1993–94 edition.
- Office of Institutional Research, “University of Arizona Department Profiles, Personnel: Summary—Main Campus Summary,” May 9, 1994.

categories were used, masking our ability to separate administrative and administrative-support functions from other functions of the University. Also, I have taken the liberty to combine “other faculty,” “budgeted graduate assistants/associates,” and “other graduate assistants/associates” into a single category, as those categories are incidental to the main story.

So, for what it’s worth, in 1988–89 there were 30,112 FTE students enrolled; there were 1,505 budgeted, instructional faculty FTE and supposedly 286 budgeted-FTE administrative positions at UA (see table 1). In 1993–94, we had 31,381 FTE students, about 1,541 faculty lines (of which 13 percent were vacant) and about 312 administrative FTE (of which only 3 percent were vacant). In six years time, our student FTE grew by 4.2 percent; our “budgeted” faculty lines grew by 2.4 percent; and administration grew by 9.1 percent. And, interestingly, the category called “academic professionals” (mostly administrative- and infrastructure-support positions) seems to have

grown by 20.9 percent! (In the administration's defense, undoubtedly some of this growth is due to unfunded mandates for student services and accountability requirements.)

In fact, the matter may be even more perverse than implied by the data in table 1. It is rumored that a sizable chunk of the current vacant "budgeted" faculty lines have no dollars attached and that this shortfall has widened with each passing year. If the rumor is true and if there is little future prospect for filling most of these positions, then it is possible that there has already effectively been a percentage decline in instructional faculty lines as administrative and/or administrative-support positions have increased. Perhaps we will never know the truth on this one.

This past year, we went through a little exercise in salary adjustment at UA called "market equity." I realize that "market equity" is an oxymoron for economists, but that's neither here nor there. The interesting part of the story is how faculty were treated in this process compared to administrators, especially higher-level administrators (deans, vice-provosts, and higher). The upshot was that several upper-level administrators received salary adjustments bringing their current-year salary up to the level of comparables at peer institutions. The allocation to the faculty adjustment pool was an amount that enabled moving faculty (on average) up but a fraction of the difference between their present salary and the appropriate base peer salary, lagged two years. The explanation the president gave to the faculty was that it would "look bad" if high-level administrators at The University of Arizona were lost to other institutions and besides, the money used to give administrative raises was from "internally generated savings." Needless to say, most of the faculty were not impressed. In one college (not agriculture) the dean's raise was in absolute dollars greater than the total faculty-salary adjustment allocation to each and every department/unit in his college. I ask you: what is going on here? Could it be bureaucratic behavior and rent seeking? For me, the magnitude of university administrator salaries is not the issue. I believe most of them earn their salaries and then some. But, the size of our administration, its growth, and the differential way in which faculty and administrator salaries were handled this year at Arizona

sure smacks of rent seeking and predictable bureaucratic behavior to this observer. What do you think?

The Name Change Game

We come now to an example that, while certainly not unique to agricultural economics, is nevertheless on a number of agricultural economists' minds these days. I approach this subject with some trepidation because I understand it is a bit of a sore point here at Wisconsin. I shall try to be careful. I speak here of recent discussion in agricultural economics circles about the wisdom of changing the name of our profession and (some) land-grant university departments from "agricultural economics" to "applied economics."⁵

To be sure, agricultural economists did not invent the "name change game," although we do have some experience. I am proud to say that I was in the last class to graduate from Montana State College. It was June of 1963. I received a B.S. degree in agricultural *science*. The quarter before graduation I was in agricultural *business*. In August of 1964, I received an M.S. degree in agricultural economics from the same institution, but then and now called Montana State University. In 1974, Montana State University cashed in its M.S. degree in *agricultural* economics for an M.S. degree in *applied* economics. It was about the same time that a decision was made to strengthen the "economics" side of their joint department of agricultural economics and economics. The year I interviewed for my first faculty position at the University of Kentucky, the American Farm Economics Association became the American Agricultural Economics Association. I recall it was a matter of some concern during cocktail hour and dinner both evenings I was in Lexington. When I joined the faculty at The University of Arizona, I came as professor and head of *Agricultural* Economics in the College of *Agriculture*. Four years and a few months later, I am presently head

⁵ I am aware that the profession has spoken (in the negative) on this issue, at least, for the moment (Barry 1994). However, I have full confidence that we have not heard the end of it.

of the Department of *Agricultural and Resource Economics* in what hopes to become the College of *Agriculture and Life Sciences*.

I think I understand a little bit about this name change business. Occasionally, new names involve a substantive change, motivated by a real opportunity to increase the size of the economic pie. But, usually not. Often it's difficult to see much other than a thinly veiled pie-cutting-and-transfer activity. Academics are constantly engaged in one manner or another, either defending turf against the threat of others or taking the initiative in trying to claim some of the turf presently "belonging to" someone else. The turf involves "property rights" to subject matter and even descriptive modifiers, e.g., "business," "management/managerial," "mathematics/mathematical," and "ethics/ethical." The battle is over the names/titles of departments and colleges; of degrees, majors, and options; and even of specific courses. The war zone includes curriculum committee meetings and debate at the departmental, college, and university levels where the faculty generally do battle, as well as executive board meetings within the university where the various administrators, representing different interests, posture and attempt to finesse one another. If the name change involves that of a degree or major or of a department or college, the contest continues "up the line" to boards of regents. At this point a whole set of additional players are invited to join the fray. Often these are interested parties (competing rent seekers) from other state universities and various internal and external constituency groups. Sometimes when the game involves changing the name of a department or degree it becomes useful to engage professional colleagues around the country in the process, perhaps even attempting to get one's professional association to endorse the idea or better yet to lead the way by changing its name, thereby setting precedence and facilitating the desired local outcome.

Sometimes, if the onlookers are lucky, somewhere along the way a real fracas breaks out. The probability of a donnybrook is greatest when the stakes are high—when the rents are perceived to be great and especially when survival is in question. My friend Dan Bromley (1992b) pointed this out in his reply to my gentle chiding of his paper "Vested Interests, Organizational Inertia, and Market Shares: A Commentary on Academic Obsolescence" in *Choices* (1992a). In

my comment on Dan's paper I suggested that, *if* it was desirable to search for a new name to describe what agricultural economists do, we should consider "nonthreatening...thus politically possible" compromises like, for example, agricultural and resource economics (Beattie, 1992c). Dan, in his usual articulate way, states the problem clearly in his reply:

...that *agricultural and resource economics* is nonthreatening—and therefore politically possible—is the very best evidence that those in competition for the same students know very well that we cannot hurt them with that title...

We can only survive in the new economics of higher education if we have a student base commensurate with our faculty base. That this implies a tough struggle with economics departments to divide up the student base should be obvious. Momentary expediency, with misleading, incomplete, and nonthreatening departmental names, only compounds the impression that meaningful change is too difficult to contemplate. *Only revolutions cure the curse of complacency* (p. 40) [emphasis added].

What can I say? Dan has always been less comfortable and more revolutionary than I!⁶

The important question, I think, is as old as the hills: Is the best strategy to go for the gold (e.g., "applied economics") in the face of a high probability of losing or to go for the silver (e.g., "agricultural and resource economics") which we can grasp with virtual certainty? The problem, of course, is exacerbated by the fact that all of us have our own notions about what's gold and what's silver; we all have our own preferences for gold versus silver; and we all assess the comparative costs and probabilities of winning the gold versus silver differently. In any case, we should choose strategies that enable the field we know as agricultural economics and its players to continue to be positive contributors to the economic pie as our

6 I agree with Dan, and have suggested elsewhere (1991; 1992b), that agricultural economics without students—especially undergraduate students—will not survive for long. While I do not believe there is much prospect of increasing agricultural economics faculty positions by increasing student credit hours and majors, I expect appreciable reductions in student numbers would result in the loss of faculty positions. There is likely some undefined threshold below which we would be ill-advised to fall.

profession evolves—whether that evolution be toward something quite different than our past, toward something much like our past (but smaller), or toward extinction.

Now that I've cleverly broached the subject of extinction: to my knowledge, Don Paarlberg (1992) in his *Choices* piece, "The Land Grant College System in Transition," is the only agricultural economist to have the courage to openly and for the record discuss the possibility of extinction as an acceptable evolutionary outcome for colleges of agriculture and associated departments. Paarlberg states:

What can we expect to happen to the Land Grant college system in the 21st century? Slowly agriculture is losing its uniqueness. It is leaving the backwater and entering the mainstream, where it will have to learn to navigate. Public support for institutions that serve a diminishing number of people will decrease... The agricultural disciplines—agricultural economics, agricultural engineering, agricultural biology, agricultural chemistry, agricultural business, agricultural statistics—will gradually be absorbed by their parent disciplines (p. 45).

I must say this forecast makes sense to me. In fact, I'm inclined to endorse the idea, not only as a forecast, but as perhaps the socially optimal outcome for some institutions. In suggesting this, I recognize that I am among but a small minority who believe it is possible that the right place for agricultural economists in the future (if not now) is as members of economics departments. And, it is possible that the right place for plant and animal scientists in the future (if not now) is as members of biology departments.

As one might predict from my earlier writings, what I like about this possible solution is that it places the applied fields as component parts of, and in immediate proximity with, their appropriate parent disciplines. I believe there are all kinds of reasons why this would enrich both the applied and the parent discipline departments. Watts and I hinted at some of the reasons in our 1987 *WJAE* piece. I am also aware of the risks and difficulties associated with the cohabitation of parents and mature children, of purists and applied types, of "real" economists and "aggies." Nevertheless, I believe the Paarlberg prediction is a feasible option worthy of serious consideration. But, best we leave for another day fuller discussion of the benefits and costs of joint applied/parent departments.

The heavy weight of integrity compels me, at this point, to make a little confession. In a devious sort of way, I'm kind of hoping that the "applied economics" advocates prevail. Why? Because I think they have it wrong. Once we formally become applied economics departments, then, to borrow terminology from my friend Dan: "Someone is bound to notice." Someone will surely notice that there are now two economics departments on campus and "we can scarcely afford one, let alone two!" Presto: we get the Paarlberg prediction. Agricultural economics gets merged into economics—and it happens sooner rather than later. It occurs to me in this era of budget stress and downsizing, universities will be under intense and continuous pressure to eliminate programs, to consolidate departments, and to redeploy faculty and other resources of the university. Those departments and faculty who choose names nearly identical to their "parents'" are setting themselves up, indeed asking, to be "absorbed by their parent disciplines." I don't think this is the outcome that the "applied economics" advocates envision.

Put another way, I believe the name "applied economics" would shorten, not lengthen, the life expectancy of agricultural economics. I'm not at all sure why it is that we need an applied economics department *and* an economics department, any more than we need a mathematics and an applied mathematics department or a music department and an applied music department. And, I am convinced that provosts, presidents, members of boards of regents, governors, legislators, and the taxpaying public will be even more puzzled than I am. Be that as it may, I trust we can at least agree that the "name change game" is rent seeking and, more often than not, it is not good rent seeking.⁷ To the extent that we participate in the game, we should strive to conduct ourselves in a manner that reduces dissipation of the rents and violence to ourselves and our colleagues in the process.

⁷ I do, however, want to concede the possibility of "rent creation and profit seeking" in the present agricultural economics name change effort. Bill Dobson (1995) presents some ideas along this line.

Rent-Seeking Tips: The Art and Skill of Rent Seeking

Given that rent seekers, including academics in university bureaucracies, are here to stay, and given that Paarlberg's long-run prediction for agricultural colleges is some indefinite distance in the future, I offer a few rent-seeking strategies that academic rent seekers might use in the meantime. The idea is to increase the probability of rent-seeking success or reduce the associated psychological and social costs. Thankfully, I'll be brief.

Mask Bad Rent Seeking in Good Rent-Seeking Clothes

First, an effective rent-seeking tactic is to disguise “bad rent seeking” intentions in “good rent seeking” clothing. We've all seen this. It's done all the time. As agricultural economists, we've had ample opportunity to witness the success of this strategy over many years as observers and students of American agricultural policy. How often, for example, have farm price increases and income subsidies been disguised as “resource conservation” measures—from the “Soil Conservation and Domestic Allotment Act of 1936,” to the “Soil Bank” program of 1956, to present day “Conservation Reserve” programs? Not only have academics been attentive students, but we too are adept at the art of disguise, distraction, and cover-up. We are masters at writing and providing motivation and justification statements—for research funding, for our papers seeking publication, for new classes, for new degree programs, for new faculty and staff positions, for promotion and tenure of a colleague. Just think of all the wonderful pie-increasing things that this new thrust, new program, new option, new person, new discovery is going to do for our students and their future employers, for science, for mankind, for social well-being. The idea is a simple one: *point out and highlight* the endless pie-increasing possibilities; *deny* emphatically any allegations of self-serving motivation; *rebuff* indignantly cries of foul that the opposition might and will raise; *make sure* that one of us is on the appropriate college/university committee(s); and if it's rent seeking, *make it look like something else*. You know what I mean; we've all participated in the game one time or another.

Don't Shoot Yourself in the Foot, Don't Throw the Baby Out with the Bath Water, and Above All Don't Tick Off the Dean

This one is especially for my revolutionary friend Dan: “Don’t Shoot Yourself in the Foot, Don’t Throw the Baby out with the Bath Water, and Above All Don’t Tick Off the Dean.” This tip is more difficult to follow than it might seem—even for an old, complacent conservative like me. The part about not ticking off the dean or a higher-level bureaucrat has frequently caused me to trip in pursuit of my own rent seeking and bureaucratic behavior, both in my role as a professor and as a department-level administrator. Some of the things I say and write do not endear me to university administrators, or faculty for that matter. They are not always forgiving. Some of them fail to see the humor in it.

I trust we all know what “not shooting yourself in the foot” and “not throwing the baby out with the bath water” mean. But just in case we don’t, let me give you an example close to home. Most of us are members of agricultural economics departments, connected to the college of agriculture of a land-grant university. The lion’s share of the budget for our salary, support staff, graduate assistants, and operations comes from where? It comes from the agricultural experiment station and the extension service. Typically, little comes from the instructional budget. Let me rephrase that: typically, *damned* little comes from the instructional budget of the university. I submit that for a good many departments of agricultural economics the idea of disavowing a major interest in agriculture by purging such terminology from departmental names, degrees, courses, and indeed our profession, runs some considerable risk of “throwing the baby out with the bath water.” It may be a risk worth taking; some would argue that if we don’t we are doomed to extinction—and soon. However, I submit for some agricultural economics programs, purging (or even de-emphasizing) agriculture from their name would only serve to hasten the day of extinction. Most experiment station and extension directors whom I know are interested in and supportive of a “broad interpretation” of agriculture. But, I don’t know any who are anxious for a wholesale purging of agriculture from the units in which they have significant funds. In cases where this is the disposition of the dean/director, we must

make certain to not “pull the trigger before the pistol has cleared the holster.” We cowboys understand that!

Exercise Care in Using the Washington Monument Strategy

My friend Rick Stroup at Montana State University reminded me of a rent-seeking, bureaucratic-behavior strategy that he recalls I used a time or two when I was department head there. He also supplied a name for it: the “Washington Monument Strategy.” During the James Watt era as secretary of the interior, Rick (on leave from MSU) took a turn as director of policy analysis in the Department of the Interior. Among other things, Rick participated in budget discussions for units in Interior, including the National Park Service. The way Rick tells the story, frequently when the National Park Service was threatened with a budget reduction (or an increase less than requested), agency administrators and spokespersons would suggest that an unavoidable consequence, as distasteful as it might be to them personally, would be a restriction of visitor hours and services at the Washington Monument (or some other highly visible attraction). The strategy is to hit the decision makers where it hurts; pick something you know they like and put it on the chopping block. That will bring them to their senses!

I suspect it would be hard to find a department chair at The University of Arizona who has not at least thought of employing the “Washington Monument Strategy” at one time or another during the past four years. No doubt many have tried. Certainly, I’ve had no shortage of faculty encouragement during my nine-plus years as a departmental administrator (at Montana and Arizona) to go for it: “Tell that *#!@ dean/director that if we lose our vacant position or if we have to take that big of a hit, then we will have no choice but to shut down half the sections of Econ 101!” Threatening to close down a section or two of heavily subscribed, lower-division service classes is a common university variant of this strategy. Actually, one of the reasons the “Washington Monument Strategy” doesn’t work well at Arizona is that we all got to watch our president try the ploy with the Regents and the Legislature a few years

back. He threatened to terminate funding for the “Pride of Arizona” marching band in the face of proposed budget reductions. It didn’t work; the budget was reduced; the band played on; and the president looked a bit foolish.

Unfortunately, the “Washington Monument Strategy” is about the only recourse that lower-level bureaucrats have to deal with “bad resource-allocation decisions” of higher-level administrators.⁸ To be sure, higher-level administrators are capable of making “bad” decisions. The key in using the tactic successfully is to make sure your threat is “credible,” not “incredible.” A “credible threat” is one that hurts and is likely to be followed thorough on, i.e., *not a bluff*. Good poker players bluff, but not often; it is because their threats are credible that they are ever able to bluff successfully (including setting your opponent up for a big hit the next time around when you are not bluffing). It is a strategy we academic rent seekers must keep in our tool kits, but my advice is to use it carefully and sparingly.

Use Economic Calculus in Picking Your Rent-Seeking Fights

This one’s simple and needs only to be mentioned to an audience of economists. Using economic calculus in picking our rent-seeking fights is nothing more than the practice of what we preach. We should rationally choose our rent-seeking targets and strategies based on some sort of reasoned judgment about the expected benefits compared against the expected costs. I’m not talking here about expected social benefits and costs or anything so grand as that. Rather, as an individual faculty rent seeker, we size up personal expected gains against personal expected costs and we choose. Faculty seldom miscalculate on such choices. I think we are a bit more prone to err when we do the calculations “for the department” or “for the profession.” This, of course, is not surprising given the spillover, incentive-compatibility, and free-rider problems we face as individuals and as members of groups. All these problems, and

⁸ My thanks to Jeff LaFrance for blasting a particularly bad closing paragraph on an earlier draft of this section and for suggesting the ideas and phrasing in this version.

others, point to why it is not easy to effect rent seeking at the professional association level. Also, I would argue that collective, self-interested-rent-seeking is especially difficult for economists; we do understand something about the undesirable consequences of such things. Economists do seem to believe in economics and have a certain abhorrence when it comes to transfer activity that is social welfare decreasing, even when we stand to benefit.

Tend to Business:

Seek Out Rent-Seeking Opportunities of the Good Variety

Finally, my personal favorite is to seek out rent-seeking opportunities of the good kind. It is always best to take the high ground and engage in rent creation and profit seeking rather than rent seeking. Or, as my father would have said: “It’s time to tend to business, son.” My hunch is those faculty who successfully avoid rent seeking in favor of doing their job well—teaching (resident and nonresident) students and research—and those departments and department heads who are successful in facilitating that outcome will end up the winners. Rent seeking is a costly business. It may not be worth it. It is important that agricultural economists and agricultural economists survive only so long as we have a pie-increasing contribution to make.

Summary

Several key points were raised in this paper:

- The public choice paradigm provides an appropriate lens for examining the behavior of publicly-employed academics, including agricultural economists.
- In particular, Niskanen’s model of bureaucratic behavior and rent seeking seem consistent with observed activity of academics. Examples include (1) the proliferation of centers, specialized (non-discipline based) “studies programs,” and vanity courses, (2) the proliferation of administrative positions and administrative infra-

structure, and (3) the seemingly irresistible attraction to the “name change game.”

- Those agricultural economists advocating the “agricultural” descriptor be purged in favor of the modifier “applied” in agricultural economics may be in for a rude awakening. Success could lead to a shorter, rather than longer, life expectancy for the agricultural economics profession and related departments at land-grant universities.

- Paarlberg’s forecast that agricultural departments will gradually be absorbed into parent discipline departments could be a good long-term outcome—especially for agricultural economics. If we have the courage to think analytically about the future in terms of the reallocation of scarce university resources in pursuit of social welfare maximization, rather than as rent-seeking individuals with strong vested interests, then we must at least admit the possibility of the optimality of the Paarlberg prediction.

- Several common-sense, rent-seeking tips are to (1) disguise bad rent seeking in good rent-seeking clothes, (2) avoid stupid mistakes that seem likely to tick off higher-level bureaucrats or constituencies in a position to hurt you and hurt you bad, (3) employ the “Washington Monument Strategy” infrequently and cautiously, (4) carefully pick your rent-seeking opportunities so that expected gains exceed expected losses, and (5) opt for profit seeking in favor of rent seeking every time you get the chance.

The bottom line. It is important to remember that, unlike profit seeking, rent seeking is a nasty business. It is especially wasteful in the bureaucracy because bureaucrats, including university bureaucrats, do not invest their personal funds in playing their rent-seeking games. As a result, we are prone to seek rent to even greater excess than private sector players. Finally, rent seeking is an especially unbecoming activity for economists, who know well the social-pie decreasing implications.



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6



Doing More with Less: A Doubtful Proposition



Sometimes a little Econ 101 tells us most, if not all, of what we need to know. A case in point is debunking the nonsensical idea that individuals, households, business firms, and other organizations “can do more with less.” Regularly we hear ourselves or others suggest that shrinking budgets should get us motivated, make us creative, and before we know it we will be producing and consuming more and be happier than we were previously. This notion is partly, but by no means principally, due to the goofy idea that people respond more creatively to sticks than to carrots. Interestingly, the folks who subscribe to the superiority of incentive by stick do so mainly in reference to what needs to be done to motivate others—not to motivate themselves, their household, their business, or their workplace unit.

All we need to remind ourselves of the foolishness of the “doing more with less” idea is to take down from the attic our dusty old “Principles of Economics” textbook and read three chapters. First, we should reread the chapter that discusses consumer response to increases and decreases in disposable income, in particular the response to a shrinking household budget for purchase of goods and services. Second, we should reread the parallel chapter on producer response to a shrinking budget for purchase of production



inputs. And lastly, we should have a look at the chapter that talks about changing (improving) production technology. I'm suggesting that we only reread three chapters because I presume we all remember what was in chapter 1. That is, surely we recall that incentives matter—all economic participants (individuals, households, business firms, even university professors and deans) ought to and, in fact, do respond to both negative and positive incentives—and self-interest and rational choice are instinctive for all sound-minded persons.

To further expedite this little excursion, I suggest we move directly to the chapter on producer response. We are all consumers and we know from personal experience that we are never happier or able to consume/do more when our income falls. When our incomes decline, our ability to purchase goods and services is diminished; we “get to” consume less, not more; and we darn well aren't happy about it. Despite that, we continue to nod approvingly like some kind of mindless robot when admonished to “do more with less” or to “learn to do more with less” in our work place—in our role as producers. In fact, most of us are so conditioned to the retort that we are often ourselves the admonishers.

We proceed as follows: First, we debunk the idea that producers/business firms “can do more with less.” Then we turn to the slightly more involved idea of producers “learning to do more with less.”

The Nonsense of Doing More with Less

Suppose it's 1999 and you and your family are in the cookie business, specializing exclusively in chocolate chip cookies. You have a small bakery and retail outlet down at the corner of Main and Elm in Small Town, USA. Because your family is not independently wealthy (not that it matters), you obtain your operating funds for purchase of cookie ingredients, store rent, and utility bills from your friendly banker—just down the street. Things have been going along quite well (you know, “good times”). With the national and local economies humming, an ample number of Small Town chocolate chip cookie lovers, and your friendly banker's \$2,000-a-month

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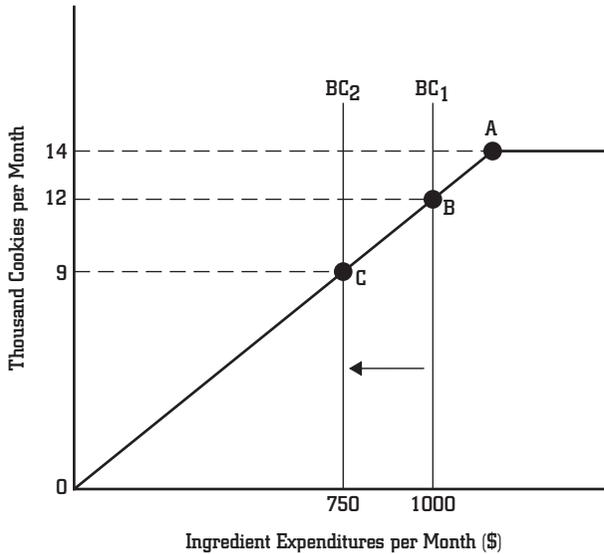


Figure 1. Small Town Bakery's cookie production function

line of credit, you've been happily baking and selling a thousand dozen (that's 12,000) cookies a month.

Of course, this is way too simple. So enter your cheerful economist to explain it all to you—not just any old economist but one like me who specializes in something called production economics. As we all know, economists love graphs. The relevant graph here is something appropriately called a production function—think of it as a flattop cookie mountain (see figure 1). On the horizontal axis we have dollars' worth of cookie ingredients—a recipe combination of flour, salt, chocolate chips, and whatever else is in your secret delicious chocolate chip cookie recipe. On the vertical axis we have cookies produced (the number of cookies baked and sold) using various quantities of cookie ingredients, which, by the way, you purchase from your friendly, local cookie ingredient supplier. (Notice how everyone in Small Town is friendly; even the economist is cheerful!)

Figure 1 is indeed a nice (well-behaved) production function. We first notice that it takes more ingredients to make more cookies, i.e., as cookie ingredients increase, the number of cookies produced increases up to a maximum possible 14,000 cookies per month at

point A. Why does our cookie mountain (cookie production function) max out (not that it matters) at 14,000 cookies per month? It's because of something I forgot to mention. Your bakery is quite small, scarcely 600 square feet with but one oven, and only you, the spouse, and one school-aged youngster for workers. No matter what you try, no matter how much cookie ingredient you fetch and attempt to push through the system, the maximum number of cookies you can produce in a month is 14,000. One month when you tried for more, your spouse got fuming mad and quit work early; Child Protective Services started paying your store a visit nearly every day; and the oven started acting up. The upshot was that even with more ingredients, the system could produce no more than 14,000 saleable cookies. About now you're beginning to wonder: So if you can produce and sell 14,000 cookies a month without excessive strain on your oven and spouse, and without having to endure the wrath of Child Protective Services, why are you only producing 12,000 cookies a month?

Enter your friendly banker. He likes you a lot and he realizes that you are Small Town's only second generation baker, but... Yes, but for whatever reason, he thinks you qualify for a maximum line of credit of \$2,000 per month. (Remember that bankers, even friendly bankers, are a risk-averse and conservative lot.) Now \$2,000 per month, after you've paid the rent, the utility bill, and minimum wage to the kid and spouse, leaves you only enough wiggle room to buy \$1,000 worth of cookie ingredients, enough for 12,000 cookies. Thus, there is a vertical line in figure 1 that cuts your production off at 12,000 cookies. As much as you might like, your banker-imposed *budget constraint* (BC_1), the quantity of funds available for purchase of cookie ingredients, limits you to X pounds of flour, Y pinches of salt, and Z handfuls of chocolate chips per month. Given your production function and your secret family recipe, $X + Y + Z = 12,000$ cookies and no more. Bummer, you are *constrained* to a maximum obtainable output of 12,000 at point B.

If that wasn't bad enough, welcome to the twenty-first century. We all know what happened more or less at the turn of the millennium. The economy went south on us—no longer “good times” with flush budgets and friendly bankers. Not only your portfolio

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and mine, but the banker's portfolio also went south and he got noticeably less friendly—not grumpy mind you, just less friendly. The banker generally worries, and he really worries about the implication of this economic downturn for the demand for chocolate chip cookies. Better safe than sorry is his motto. So, this month you discover that he's reduced your line of credit to \$1,750. To make matters worse, you find that the lowest wage you can get away paying the spouse and kid is the minimum wage that you're presently paying. Your landlord informs you that she's standing firm on the monthly rent. The utility company cares not one whit about your plight. And to add insult to injury, the grocer informs you that the prices of flour, salt, and chocolate chips are unchanged.

So what happens to the vertical line in figure 1? You guessed it: It shifts leftward from BC_1 to BC_2 . Are you now able to purchase more, the same, or fewer ingredients than you did before? Are you now able to produce more, the same, or fewer cookies than last month? According to the popular adage: "You need to, you must, you will do more with less." Baloney! Any rational person, household, or business firm can do only one thing with less, and that is less—not more, not the same—only LESS!! Your operating budget *constrains* you to the purchase of \$750' worth of cookie ingredients (remember, the \$1,000 used for spouse and child wage payments, the rent, and the utilities comes off the top of the \$1,750), and \$750 allows only the purchase of enough ingredients for 9,000 cookies (point C in figure 1). In the real world of real business firms with real production functions and real constraints, not the least of which are budget constraints, "doing more with less" is clearly invalid on its face. Why the idea persists as such a popular admonition and rallying cry is a mystery to me.

Learning to Do More with Less—More Nonsense

Now hold on here Bruce, maybe you are jumping to too hasty a conclusion. Perhaps what people mean when they say "doing more with less" is not literally "doing more with less," but rather they think we should, indeed must, and will "*learn* to do more with

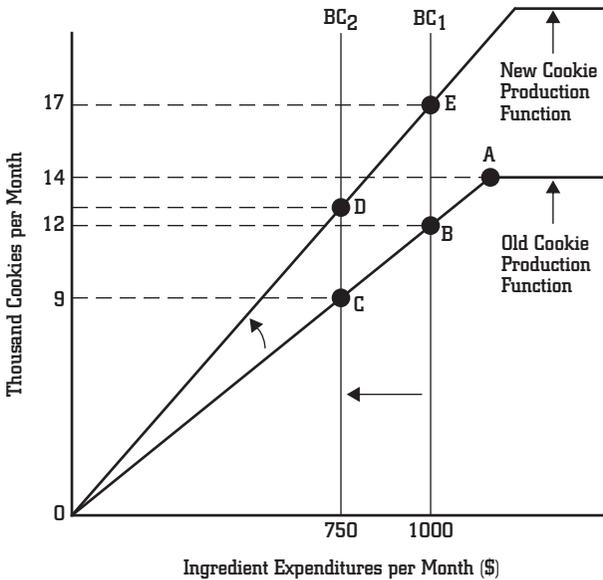


Figure 2. Cookie production function before and after new technology

less.” Now there’s a creative idea that even a production economist might find acceptable. Let’s see how this works—on to chapter 3 and figure 2.

Figure 2 is similar to figure 1 with one added feature. First notice that the “curve” labeled “old cookie production function” is identical with that in figure 1. The curve labeled “new cookie production function” is similar to the “old” one except now for every unit of cookie ingredients, you are able to produce more cookies than you did before. You have discovered a “new and improved” production technology. Maybe it’s a better oven, or a new and improved recipe, or the additional schooling/training of the kid—how do I know? You, after all, are the creative entrepreneur in this cookie business, not me. However, you did it, you *learned* to do more with less. With your new tighter budget constraint, you are now producing nearly 13,000 cookies (at point D) compared to the 12,000 that you were producing before the onset of “bad times” and your banker-imposed reduced line of credit. Heck of a deal—right? What a clever team, you and your family. You have “learned to do more with less”—good for you!

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But hold on, maybe there is something not quite right with this picture/story. Suppose I make the following observation and ask you a nasty, bubble-bursting question: “I notice with the ‘new cookie production function’ in figure 2, that given your old budget constraint (before your banker cut you back to \$1,750 a month), you could have been producing 17,000 cookies per month (at point E) rather than 12,000 (at point B). Why, for goodness’ sake, did you not take advantage of ‘learning’ (the adoption of the new and improved technology) before imposition of the tighter budget constraint? If point B was good, would not point E have been even better?” What is it that precluded or discouraged you from “*learning* to do more” with the “more” (BC_1) you had in 1999?

The Upshot

The idea that individuals, households, or business firms “can do more with less” is pure nonsense. The idea that we “can learn to do more with less” is not pure nonsense, but close to it. Sure, “we can learn to do more with less,” but that clearly begs the question: Why should or does it take “less” to trigger creative juices and learning? Why not creativity, improved technology, and/or learning when budget constraints are unchanged or relaxed (increased)? Which brings us full circle back to chapter 1: Why is it that so many believe a stick (a lower budget) will motivate improved outcomes, but a carrot (the possibility of greater output and profit absent a lower budget) will not? There can be only one answer, and that from one of the wisest men I’ve ever known: “Damned if I know, Son!”

Epilogue: So...What to Do?

The *Review* editor strongly suggested that I add an idea or two about what to do when confronted with the admonishment to “do more with less.” At first I thought that was a silly idea: If something is invalid, then we should simply refrain or ignore—end of story. But upon second thought, perhaps he has a point. I do have a couple of ideas.

First, if you are at the top of the organizational chart of a business firm, a governmental agency, or a university, you should think very carefully about whether to invoke the “let’s do more with less” admonishment. At a minimum, lower-level managers/administrators and other employees may wonder about your intelligence, your leadership skill, and/or your credibility. At worst, you will succeed in negatively affecting morale and worker productivity. Fully employed, talented, and productive lower-level managers and workers, when admonished to do what they clearly cannot do, will become increasingly stressed, exhibit reduced loyalty and organizational citizenship,¹ and productivity and product quality will almost certainly suffer.

If you are a mid-level manager or worker and a superior makes a public pronouncement about getting on with “doing more with less,” don’t immediately panic or succumb to rage. Remember, those at the top of organizations always, when they speak, simultaneously address multiple audiences—especially when making public statements. (Also, remember that seasoned managers know that it is wise to assume that all their statements and conversations, including private conversations, will become public.) So, cut them a little slack. As noted earlier, most of us realize that we cannot literally do more with less. Yet we universally hold on to the view that others can and should (do more with less). It may be that your superior officer, in fact, knows that you cannot do more with less, but he/she nevertheless believes (perhaps correctly) that it is what must be said to win the continued support of stockholders, customers, taxpayers, or other “outside” stakeholders.

Lastly, and most importantly, what we can and should do when confronted with a deteriorating budget or staffing situation is to prioritize and reduce or eliminate low priority activities (downsize or downscope) in order to maintain effort levels associated with higher priority needs. We *can* and *should* do less of the presumably valuable but nevertheless lower priority activity. And one of the things that a wise manager (high-, mid-, or low-level) will do is

¹ I owe this idea to my daughter, Jennifer L. Beattie, Human Resource Information Systems Manager, Bear Creek Corporation, Medford, Oregon.

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to enlist the advice and counsel of his/her juniors all the way down to the worker level in identifying and making those difficult choices. The further “down the line” those choices can be identified and made, the more likely the choices will be good ones, and the more likely the desired outcome will be achieved. But make no mistake about it, reducing or eliminating a lower positive-valued activity in order to maintain the quantity and quality of other higher-valued activities is to do *less—not the same, and certainly not more!*





About the Author



Bruce R. Beattie grew up on a small farm/ranch in central Montana about 30 “crow-fly” miles south of the Missouri River. He was the last graduate of Roy Junction Elementary School, a one-room rural school with outdoor plumbing and with as few as three students and never more than six. The school year ran from early April to late November, as it was not possible to get to the school in the winter.

In 1963, Bruce was a member of the last class to graduate from Montana State College—a land-grant institution. The following year he received his M.S. degree in agricultural economics from the same institution, but then under its present name, Montana State University. Following his Ph.D. from Oregon State University, Beattie held faculty positions in departments of agricultural economics and/or economics at the University of Kentucky, Iowa State University, Texas A&M University, Montana State University, and The University of Arizona—all land-grant universities. At both Montana and Arizona, he was initially recruited to serve as department head in addition to the usual professorial duties.

Beattie is a past-president of the Western Agricultural Economics Association, the American Agricultural Economics Association, and the National Association of Agricultural Economics Administrators. In 1993, Montana State University as part of its centennial celebration honored Beattie by naming him one of its 100 most distinguished graduates since founding. He was named a fellow of the American Agricultural Economics Association in 1997.

In the twilight of his career, Bruce continues to thoroughly enjoy teaching production theory for beginning graduate students and freshman-level microeconomic principles at The University of Arizona.



